ILLINOIS 1997

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED JUNE 30, 1997

State of Illinois

COMPTROLLER

Loleta Didrickson

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December 31, 1997

To the Citizens of Illinois, Governor Edgar
and Members of the Illinois General Assembly:

Today I am releasing the State of Illinois ***Comprehensive Annual Financial Report ("CAFR")*** for the fiscal year ended June 30, 1997. This year's CAFR presents the State of Illinois' financial position and results of operations in accordance with generally accepted accounting principles ("GAAP") as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB"). This audited report enables you to assess the stewardship entrusted to the State in a manner that is consistent with other governments and consistent from year to year.

This year's CAFR reveals a ***$500 million or 53% improvement*** in the State's General Fund. The fund deficit in the General Fund decreased from $951 million at June 30, 1996 to $451 million at June 30, 1997. With the healthy economy, the State benefits in the short term from higher tax revenues and interest earnings. However, we must be prepared for the long term and a potential downturn of the economy. For example, under the new GASB pension standard the State's retirement systems were underfunded by $1.4 billion during the current fiscal year. I will continue to monitor and report on both the short and long term condition of the State.

This report contains three sections: the introductory, the financial, and the statistical and economic sections. Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management. This report necessarily includes certain amounts which are based on management's best estimates and judgments.

This CAFR includes a copy of the 13th ***Certificate of Achievement for Excellence in Financial Reporting*** awarded to the State of Illinois by the Government Finance Officers Association for the State's previous CAFR, published in 1996. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

This CAFR differs from the thirteen that have preceded it in an important respect. For the first time in Illinois, and for the first time by any state or local government issuer of a CAFR, ***it includes measurement information, on an experimental basis about the results, accomplishments, and performance of Illinois state government*** beyond just disclosures of financial condition and operations.

I have consistently expressed my belief that accountability that only reports how much government spent, and what that spending bought, is insufficient. Citizens are also entitled to know what are the results of the expenditure of our tax dollars? The missing piece of accountability has been what services have been provided, in quantity and quality, and what public purposes served, how well, at what cost?

The history of efforts to measure and use government performance or results information is a long one, and is summarized as background in a following section. But the most recent development has come from the GASB, the authoritative body that promulgates the GAAP that all state and local CAFRs must follow. GASB has said that one of the subobjectives of CAFR reporting is "to provide information to assist users in assessing the service efforts, costs, and accomplishments of the governmental entity." Consistent with that conclusion regarding objectives, GASB has encouraged state and local CAFR issuers to experiment with the inclusion of government service efforts, and accomplishments information ("SEA"). Such experimentation is expected to be a necessary precondition to GASB adoption of authoritative guidance for the inclusion of SEA information in all state and local government CAFRs.

As reflected by the following correspondence, ***this Illinois CAFR has been designated as a GASB SEA experimentation effort for the purpose of the national discussion regarding government performance accountability.*** Throughout the report you will find examples of different kinds of performance and service measures. For this first experimental effort we worked with the various agencies in an ad hoc process to capture illustrative examples. At the same time we are also working to create processes that will provide SEA measures on a systematic and comprehensive basis in the future.

I wish to extend my appreciation to the various Illinois agencies, offices, and boards who assisted us in this pilot effort in government accountability. We all hope this effort in Illinois will contribute to the national dialogue on government SEA-Performance accountability, and more parochially also begin to tell Illinoisians something about the results of the expenditure of their tax dollars.

Sincerely,

Loleta Didrickson

LOLETA DIDRICKSON
Comptroller

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
401 Merritt 7, P.O. Box 5116, Norwalk, Connecticut 06856-5116 / 203-847-0700
Fax: 203-849-9714

GASB

April 2, 1997

The Honorable Loleta A. Didrickson
Comptroller
State of Illinois
State House
Springfield, IL 62706

Dear Comptroller Didrickson:

We are pleased to formally announce the designation of the State of Illinois as a GASB service efforts and accomplishments (SEA) experimentation site.

As you are aware, the Board is leading and sponsoring research into how governmental financial reports can be strengthened by including measures on SEA, in addition to traditional financial data and information. Measuring and reporting program performance, as part of overall financial reporting, remains one of the GASB's three major objectives for governmental financial reporting.

As a basis for establishing standards for SEA reporting, we have been strongly encouraging state and local governments to undertake experiments in developing and selecting SEA indicators, gathering data for these indicators, and devising methods for presenting and explaining the information.

Over the past year we have become aware of your desire and commitment to strengthen accountability not only for how funds were spent, but also for what the spending accomplished. We are especially interested in Illinois' efforts because of your plan to incorporate various SEA measures into the Comprehensive Annual Financial Report (CAFR). The annual financial report is the primary vehicle for accountability by governments, and we believe it remains a viable place for reporting SEA information.

Your initiative not only offers Illinois a timely opportunity for leadership on this important and evolving issue, but also advances the Board's view that SEA reporting is fundamental both to governmental decision making and public accountability. We heartily applaud your leadership, wish you the best in your efforts, and assure you that we are here to support and assist in any way we can. Please feel free to call on us.

Sincerely,

Tom L. Allen
Chairman

David R. Bean
Director of Research

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State of Illinois
COMPTROLLER
Loleta A. Didrickson

December 31, 1997

The Honorable Jim Edgar
Governor
State of Illinois
207 State House
Springfield, Illinois 62706

Dear Governor Edgar:

It is my pleasure to present to you the *State of Illinois Comprehensive Annual Financial Report ("CAFR")* for the year ended June 30, 1997. The CAFR is the State's official annual report and provides the readers with the financial position of the State at June 30, 1997, and results of operations during the fiscal year. The report is intended to provide the State's managers, investors and creditors, taxpayers, the legislature, and other users with information in accordance with generally accepted accounting principles ("GAAP"). The statements are presented using the "pyramid" approach to governmental financial reporting as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB"). Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management. This report necessarily includes certain amounts which are based on management's best estimates and judgments.

The CAFR is composed of the following sections: introductory; financial; and statistical and economic. The *introductory section* includes the table of contents, the Comptroller's letter of transmittal and SEA Performance Measurement Overview, and the State's organization chart. The *financial section* includes the Auditor General's report on the financial statements, the general purpose financial statements, required supplementary information and the combining and individual fund financial statements and schedules. The *statistical and economic section* includes selected demographic and business data, generally on a multi-year basis, and SEA Performance Measurement Overview/Illustrations consistent with our GASB experimentation designation.

The accompanying financial statements are prepared in conformity with GAAP applicable to state governments as prescribed by the GASB. This office strongly supports the GASB, contributed to its formation and participates in the development of pronouncements, providing testimony at public hearings and submitting comments and recommendations as proposed standards are distributed for exposure.

The CAFR includes all funds, account groups, elected offices, departments and agencies of the State, as well as all boards, commissions, authorities, universities and colleges for which the State's executive or legislative branches are financially accountable. The financial statements distinguish between primary government organizations and component units. The primary government is the nucleus of the financial

reporting entity and is the focal point for the users of the financial statements. The primary government of the State consists of all the organizations that make up its legal entity. All funds, departments, agencies, offices and other organizations that are not legally separate are, for financial reporting purposes, part of the State or another entity's primary government. Component units are legally separate organizations for which the State is financially accountable.

The financial activities of the State are organized on the basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions and limitations. The reporting entity, fund types and account groups are described in detail in Note 1 to the financial statements.

To ensure readability of the financial statements, generally only funds with total assets, liabilities, fund equity, revenues or expenditures greater than 2% of the total for that fund type (except special revenue funds where .5% is used) are presented separately in the combining statements. Combination of funds is necessary due to the existence of more than 700 funds in the State's reporting entity. Funds used by more than one agency are classified with what is determined to be the primary administering agency.

Universities, colleges and their related foundations and alumni associations are reported as "discretely presented component units." The Combined Statements of Changes in Fund Balances and Current Funds Revenues, Expenditures and Other Changes for university and college funds are presented separately within the general purpose financial statements in conformity with GAAP.

An organizational chart, showing the relationships of the three branches of Illinois State government and those of the various agencies, boards, commissions and colleges and universities which provide a full range of State government services, is presented on pages xliv and xlv.

FINANCIAL INFORMATION

The following balance sheet and operating statements have been condensed from the statements included in the State of Illinois *Comprehensive Annual Financial Report* utilizing the "memorandum only" column of the primary government.

State of Illinois
Balance Sheet - Primary Government

	Amounts (in millions) FY1997	FY1996
Assets (and other debits)		
Cash	$ 8,792	$ 7,485
Investments	36,940	28,083
Receivables, net	6,466	6,154
Fixed assets	4,909	4,654
Other assets	1,522	1,511
Other debits	19,718	20,204
Total assets and other debits	$ 78,347	$ 68,091
Liabilities		
Payables	$ 8,602	$ 8,404
Pension liability	10,557	11,026
Bonds outstanding	8,507	8,412
Depository and other	6,018	5,476
Other	2,332	2,281
Total liabilities	36,016	35,599
Fund Balances/Retained Earnings		
Investment in fixed assets	4,834	4,588
General	(451)	(952)
Special revenue	2,683	2,346
Debt service	639	530
Capital projects	135	217
Proprietary	281	227
Trust	34,210	25,536
Total fund equity	42,331	32,492
Total liabilities and fund balances/ retained earnings	$ 78,347	$ 68,091

State of Illinois
Operating Statement - Primary Government

	Amounts (in millions) FY1997	FY1996
Revenues		
Taxes -		
Income	$ 7,932	$ 7,350
Sales	6,823	6,520
Other taxes	5,179	5,146
Federal government	8,910	8,410
Charges for sales and services	2,628	2,666
Interest income	5,583	3,055
Contributions	1,593	1,478
Licenses and fees	1,078	1,021
Other	1,412	1,131
	41,138	36,777
Expenditures/Expenses		
Health and social services	9,290	8,732
Education	6,132	5,753
General government/administrative	5,149	5,076
Social assistance	3,873	4,132
Transportation	2,698	2,627
Public protection and justice	1,613	1,481
Debt service	944	941
Benefit payments and refunds	2,614	2,553
Prizes and claims	827	839
Other	1,222	1,112
	34,362	33,246
Net other sources (uses) and nonoperating revenues (expenses)	(1,169)	(728)
Excess of revenues over expenditures and net other uses	$ 5,607	$ 2,803

Assets (and "other debits")

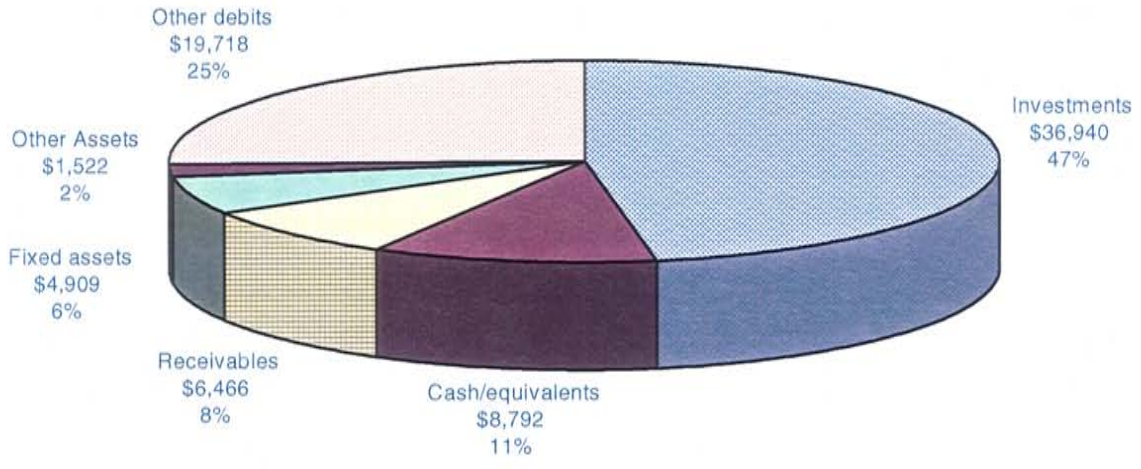
Total assets (and other debits) of the State of Illinois at June 30, 1997 were over $78 billion. This was an increase of $10.3 billion (15.1%) over fiscal year 1996. The largest increase was in the State's investments ($8.7 billion increase in State's pension funds for accounting changes requiring reporting those assets at "fair value." Cash/cash equivalents increased $1.3 billion reflecting higher cash balances at June 30 in State treasury and at the pension systems ($414 million increase).

Comparison of Total Assets (in millions) *

Account	FY1997	FY97 %	% change From 1996	FY1996
Investments	$ 36,940	47.1%	31.5%	$ 28,083
Cash & cash equivalents	8,792	11.2%	17.5%	7,485
Receivables	6,466	8.3%	5.1%	6,154
Fixed assets	4,909	6.3%	5.5%	4,654
Other assets	1,522	1.9%	0.7%	1,511
Other debits	19,718	25.2%	(2.4%)	20,204
Total Assets	$ 78,347	100.0%	15.1%	$ 68,091

*The above numbers include primary government funds only.

Total Assets-Primary Government
June 30, 1997 (in millions)



Liabilities

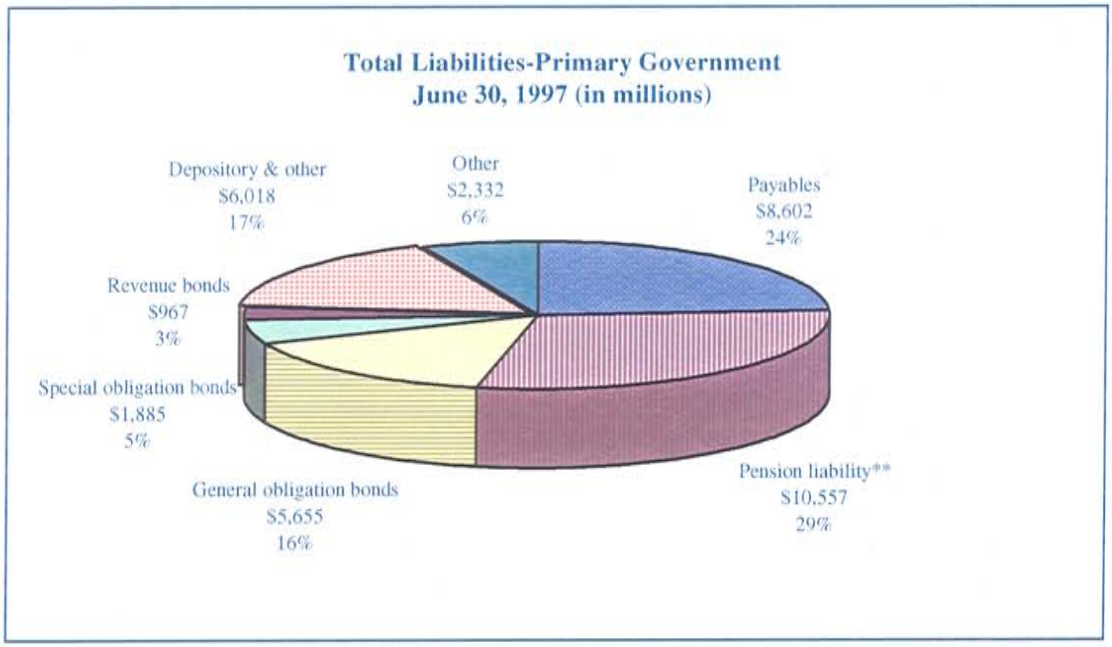
Total liabilities increased to $36.0 billion at June 30, 1997, $417 million (1.2%) greater than fiscal year 1996. Depository and other liabilities increased $542 million (primarily deferred compensation, child support, and "securities lending" at the Universities Retirement System) and the State's pension liability decreased $469 million which reflects the implementation of the new pension accounting standards for fiscal year 1997. The State's payables increased $198 million although "governmental fund" payables (including Medicaid) increased only about $18 million or less than .5%.

Comparison of Total Liabilities (in millions) *

Account	FY1997	FY97 %	% change From 1996	FY1996
Payables	$ 8,602	23.9%	2.4%	$ 8,404
Pension liability**	10,557	29.3%	(4.3%)	11,026
General obligation bonds	5,655	15.7%	- -	5,657
Special obligation bonds	1,885	5.2%	0.2%	1,881
Revenue bonds	967	2.7%	10.6%	874
Depository & other	6,018	16.7%	9.9%	5,476
Other	2,332	6.5%	2.3%	2,281
Total Liabilities	$ 36,016	100.0%	1.2%	$ 35,599

*The above numbers include primary government funds only.

**See page xxiv for further information.



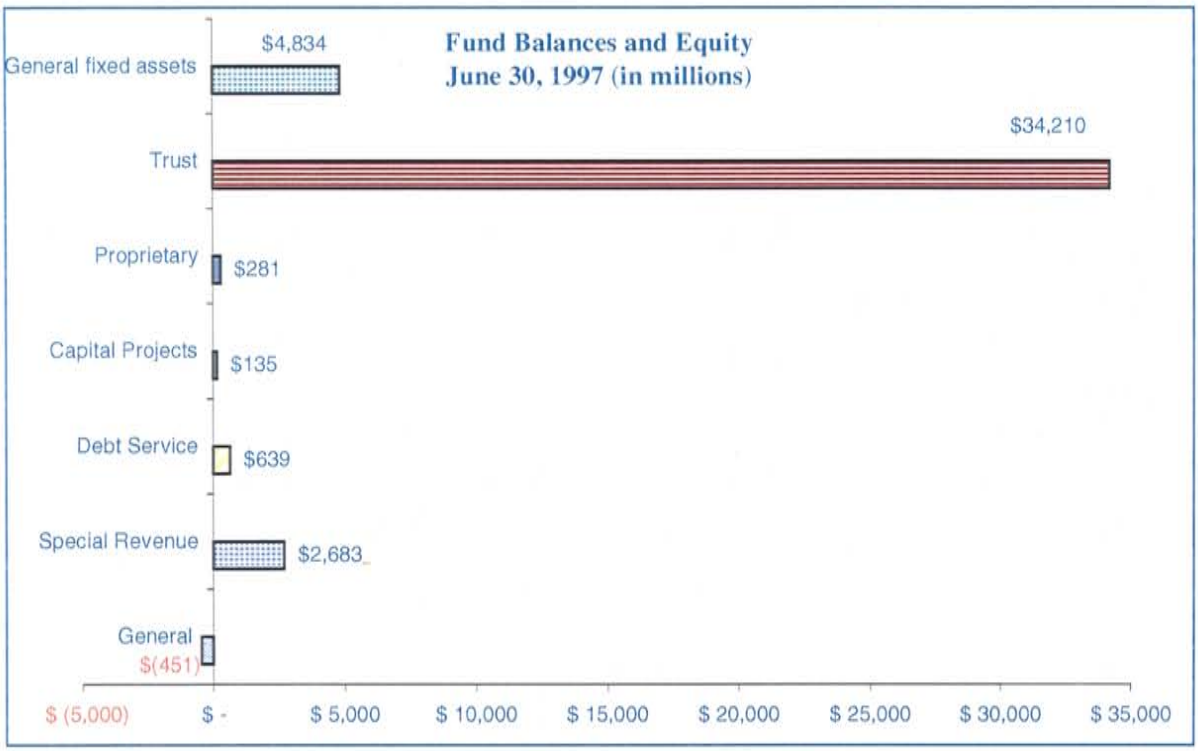
Fund Balances and Retained Earnings

The fund balances for all primary government funds combined was $42.3 billion at June 30, 1997 representing a 30% increase from fiscal year 1996. The majority of the increases were in the pension trust funds ($8.6 billion) reflecting "fair value" of assets and implementation of the new GASB pension standards, the Special Revenue Funds ($337 million), and general fixed assets ($246 million).

Comparison of Total Fund Balances (Deficits) and Retained Earnings (in millions) *

Fund Types/ Account Group	FY1997	FY97 %	% change From 1996	FY1996
General	$ (451)	(1.1%)	52.6%	$ (951)
Special Revenue	2,683	6.4%	14.4%	2,346
Debt Service	639	1.5%	20.6%	530
Capital Projects	135	0.3%	(37.8%)	217
Proprietary	281	0.7%	23.8%	227
Trust	34,210	80.8%	34.0%	25,536
General fixed assets	4,834	11.4%	5.4%	4,588
Total Fund Balances	$ 42,331	100.0%	30.3%	$ 32,493

*The above numbers include primary government funds only.



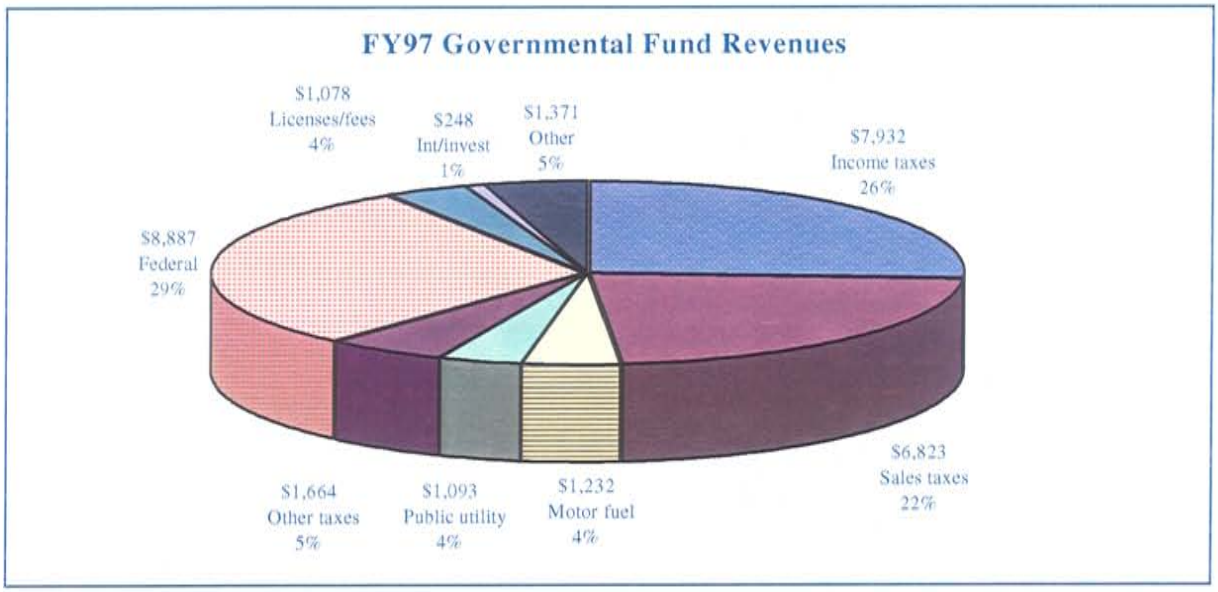
General Governmental Functions

The governmental fund types are those through which most State functions are financed. These fund types (the general, special revenue, capital projects, and debt service funds) are presented on the modified accrual basis of accounting. Throughout the year, the Comptroller's Office publishes a monthly *Fiscal Focus* which summarizes the status of governmental fund revenues and expenditures and analyzes various programs and activities. These reports are available on request.

Revenues

Revenues on the modified accrual basis are recognized when they are both measurable and available to finance current operations. Revenues (amounts expressed in millions) from various sources for fiscal years 1997 and 1996 are as follows:

Revenue Source	Amount 1997	Amount 1996	Percentage of Total 1997	Percentage of Total 1996	Increase (Decrease) from 1996	Percentage Incr (Decr) from 1996
Taxes:						
Income	$ 7,932	$ 7,350	26%	26%	$ 582	8%
Sales	6,823	6,520	22%	23%	303	5%
Motor fuel	1,232	1,197	4%	4%	35	3%
Public utility	1,093	1,047	4%	4%	46	4%
Other	1,664	1,696	5%	6%	(32)	(2%)
Federal government	8,887	8,387	29%	29%	500	6%
Licenses & fees	1,078	1,021	4%	3%	57	6%
Interest/investment	248	240	1%	1%	8	3%
Other	1,371	1,063	5%	4%	308	29%
Total	$ 30,328	$ 28,521	100%	100%	$ 1,807	6%



Fiscal year 1997 governmental funds revenues increased by $1,807 million (6%) over 1996 revenues. State-imposed taxes including income, sales, motor fuel, public utility, and miscellaneous other taxes remained the largest overall revenue source for fiscal year 1997 and comprised nearly 62% of total State revenues.

Income Tax

Income tax revenues, the State's largest tax revenue source, increased $582 million (8%) from fiscal year 1996. The increase is generally the result of an improved economy and resulting growth in personal and corporate income taxes.

Sales Taxes

Sales taxes remained the second largest tax revenue source for fiscal year 1997, increasing $303 million (5%) from fiscal year 1996. The increase is due to general growth in retail sales in an improved economy.

Federal Government Revenues

Federal government revenues increased $500 million (6%) during fiscal year 1997 and continue as the second largest revenue source on a GAAP basis for 1997 (second only to the State-imposed taxes discussed above). The most significant increase was at the Department of Public Aid where revenues of the General Fund increased $187 million for federal government Medicaid reimbursement revenues. Secondly, federal government reimbursement revenues of the Medicaid assessment program accounts within the General Fund increased $144 million. The accounts and the increases (decrease) were: County Hospital Services Provider Fund, $99 million; University of Illinois Hospital Services Provider Fund, $34 million; Long-Term Care Provider Fund, $19 million; and the Hospital Provider Fund, ($11 million).

Other significant increases occurred in the Road Fund ($136 million increase) administered by the Department of Transportation. The increase is attributable to the federal highway program and more timely billing on completed projects. Revenues at the Illinois Emergency Management Agency increased $39 million in the Federal Aid Disaster Fund because of July, 1996 flooding in Northern Illinois and March, 1997 flooding of the Ohio River in Southeastern Illinois.

Federal government revenues at the Department of Children and Family Services (Children Services' Fund) increased $36 million due to maximization of reimbursable expenditures and general program increases.

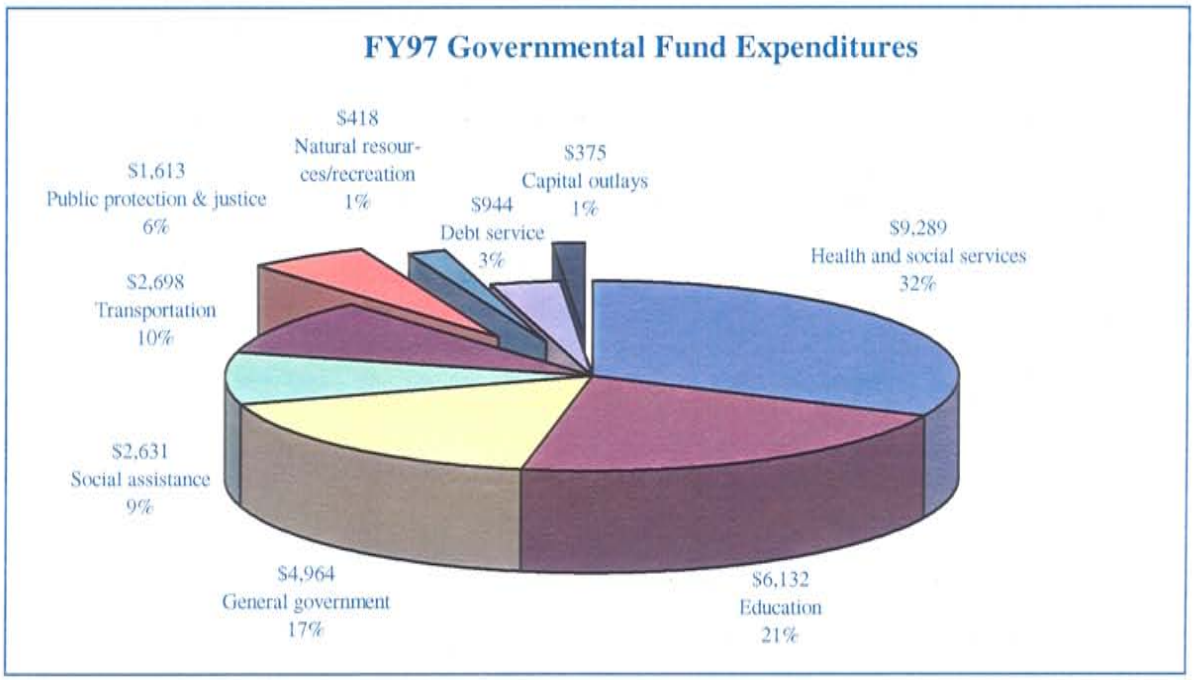
Other Revenues

Other revenues increased $308 million or 29% during the current fiscal year. The increase is due to increased activity in the Medicaid program, primarily in the county hospital services program.

Expenditures

Expenditures for governmental fund types are presented on the modified accrual basis of accounting and are generally recognized when the liability is incurred regardless of when payment is made. Expenditures (amounts expressed in millions) for major governmental fund functions in fiscal year 1997 and 1996 were as follows:

Expenditure Function	Amount 1997	Amount 1996	Percentage of Total 1997	Percentage of Total 1996	Increase (Decrease) from 1996	Percentage Incr (Decr) from 1996
Health and social services	$ 9,289	$ 8,732	32%	31%	$ 557	6%
Education	6,132	5,753	21%	21%	379	7%
General government	4,964	4,914	17%	18%	50	1%
Social assistance	2,631	2,843	9%	10%	(212)	(7%)
Transportation	2,698	2,627	10%	10%	71	3%
Public protection & justice	1,613	1,481	6%	5%	132	9%
Natural resources/recreation	418	365	1%	1%	53	15%
Debt service	944	890	3%	3%	54	6%
Capital outlays	375	366	1%	1%	9	2%
Total	$ 29,064	$ 27,971	100%	100%	$ 1,093	4%



Governmental funds expenditures of $29,064 million in fiscal year 1997 increased $1,093 million (4%) over 1996 and were $1,264 million less than revenues on a GAAP basis.

Health and Social Services Expenditures

Health and social services expenditures of $9.3 billion were the largest expenditure function for fiscal year 1997, *increasing* by $557 million (6%) over fiscal year 1996. This expenditure function is 32% of total spending on a GAAP basis,

increasing slightly from 31% in fiscal year 1996. Significant fluctuations were: a $232 million increase in Medicaid expenditures in the General Fund (including the Medicaid assessment program accounts) primarily for hospitals; Department of Mental Health-increase of $126 million in General Fund expenditures primarily for payments to Medicaid recipients at intermediate care facilities; Department of Children and Family Services-increases of $95 million in the General Fund for operational expenditures for foster care, adoption and other programs formerly split between the Childrens' Services Fund and the General Fund. Department of Public Health expenditures in the General Fund increased $41 million primarily for the Medicaid Family Case Management program formerly administered by Public Aid.

Education Expenditures

Education expenditures were once again the second largest expenditure function in the governmental funds for fiscal year 1997. Education expenditures increased $379 million (7%) from fiscal year 1996 on a GAAP basis.

Significant education expenditure increases that reflect the budgetary emphasis on education in fiscal year 1997 were at the State Board of Education where expenditures increased $190 million in the General Fund and $53 million in the Education Assistance Fund.

Other education expenditure increases were in the State Board of Education Federal Department of Education Fund ($24 million increase) for increased eligible reimbursements and in the Special Education Medicaid Matching Fund ($24 million increase) where more children received Medicaid services provided by local school districts. The Teachers' Retirement System received $53 million more in fiscal year 1997 from the State's Common School account within the General Fund to pay the employer contribution of local school district teachers as required by law.

Social Assistance Expenditures

Social assistance expenditures decreased $212 million (7%) from the last fiscal year. The largest decrease was in the food stamp program administered by Public Aid where expenditures decreased $121 million. The decrease is attributable to fewer individuals eligible to receive food stamps. Other significant decreases occurred at the Department of Public Aid in the General Fund ($50 million decrease in Aid to Families with Dependent Children ("AFDC"), Aged, Blind and Disabled, and other social assistance programs) and the Child Support Enforcement Trust Fund ($49 million decrease due to timing differences and shortened lapse period even though the program increased for fiscal year 1997).

Another significant decrease in social service expenditures occurred at the Department of Employment Security ($49 million) in the Unemployment Compensation Trust Fund for lower benefits payments to unemployed individuals because of improvement in the employment rate in the State.

Public Protection and Justice Expenditures

Public protection and justice expenditures increased $132 million (9%) from fiscal year 1996 to 1997. A significant expenditure increase occurred at the Department of Corrections in conjunction with increased inmate population and at the new Tamms prison and the Illinois Youth Correctional Facility at Murphysboro ($56 million increase). Expenditures increased $39 million in the Federal Aid Disaster Fund resulting from floods in July, 1996 in northern Illinois and in March, 1997, in southeastern Illinois.

Internal Control

Each State agency's management is responsible for establishing and maintaining internal control designed to ensure that the assets of the State are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The State's internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and

benefits requires estimates and judgments by management.

On October 31, 1989 the Fiscal Control and Internal Auditing Act ("FCIAA") became law, requiring all State agency chief executive officers to annually certify the adequacy of internal control in place within their agencies. The first annual certifications by State agency CEOs were due November 15, 1990. Subsequent certifications are due May 1st each year. The FCIAA also requires that certain agencies have a chief internal auditor with a specified minimum level of professional competency.

Budgetary Controls

The Comptroller's Uniform Statewide Accounting System (**"CUSAS"**) provides the basis for receipt, expenditure and encumbrance reporting of all State treasury held funds with specific budgetary controls maintained on line-item expenditures for all appropriated funds. Appropriations (budget) and actual expenditure analysis for significant individual funds is provided in the Budgetary Schedules section of this report. A reconciliation between the GAAP and budgetary basis of accounting is presented in Note 2 of the financial statements. The budgetary system (i.e., CUSAS) classifies funds into traditional groupings which do not conform with the fund type classifications set forth by the GASB; therefore, a reclassification of budget categories to GAAP financial statement fund types also is presented in Note 2.

Effective July 1, 1996, Illinois' "lapse period" was reduced from three to two months. During Illinois' two-month lapse period, July 1 to August 31, State agencies can expend funds appropriated in the prior fiscal year if encumbered by June 30. For all fund types, goods or services received prior to June 30 are recorded as liabilities and expenditures or expenses, whichever is appropriate. For governmental fund types, lapse period expenditures for goods or services encumbered as of June 30 and received prior to August 31 are reported with other encumbrances as reservations of June 30 fund balances and not as liabilities or expenditures.

Investment Management

The Illinois State Treasurer is responsible for investing all cash resources of the State, with the exception of those held by the retirement systems and certain debt service, enterprise, agency, universities' and colleges' endowments and other locally-held funds. Of the five retirement systems, three pool their resources for investment and two invest their resources under investment master trustee arrangements with individual investment managers. The universities and colleges are granted independent powers to invest their funds which are held outside the State Treasury. Interest income earned on the cash resources received and invested by the State Treasurer is allocated to the various funds (where specified by law) based on the average daily cash balances invested. A comparison of the State's investments at June 30, 1997, 1996, 1992, and 1988 is presented on page xx.

State agencies had $9.7 billion more invested at June 30, 1997 than at June 30, 1996. A portion of this increase is attributable to the State's new accounting treatment for pension funds (GASB Statement 27) that requires investments to be presented at fair value. Also, interest and investment income increased $2.5 billion. This increase can be attributed mainly to the State's pension systems. The implementation of GASB Statement 27 requires the net appreciation (or depreciation) of investments to be recorded as income (or expense).

Agreements signed between the State of Illinois and the Financial Management Service of the U.S. Treasury ("FMS") since July 1993, set out procedures for drawing federal funds and methods for computing interest liabilities for programs subject to the federal Cash Management Improvement Act ("CMIA"). Illinois submitted the fiscal year 1996 *CMIA Annual Report* in December 1996, and after review by FMS paid the federal government $2.4 million in State interest liabilities by the March, 1997, due date.

Comparison of Investment Portfolios at June 30, (In millions)	1997		1996		1992		1988	
Investment Type	Amount	%	Amount	%	Amount	%	Amount	%
Corporate Equity Securities	$ 13,513	29%	$ 8,747	24%	$ 6,862	29%	$ 4,576	31%
Mutual Funds	11,963	25%	8,458	23%	1,508	6%	1,724	12%
U.S. Treasury & Agency Obligations	8,151	17%	6,849	19%	4,197	18%	3,737	25%
Corporate Debt Securities	4,538	10%	4,741	13%	5,160	22%	1,966	13%
Tangible Property	2,631	6%	2,767	6%	2,176	9%	933	6%
Repurchase Agreements	3,197	7%	3,164	9%	2,495	10%	1,665	11%
Commercial Paper	1,833	4%	1,291	3%	380	2%	199	2%
Investment Contracts	844	2%	956	3%	906	4%	--	--
Totals	$ 46,670	100%	$ 36,973	100%	$ 23,684	100%	$ 14,800	100%

Cash Management

The State of Illinois' daily activities are operated on a "cash basis," where bills are paid with the available balances of cash on hand. The Comptroller, chief fiscal officer of the State of Illinois, maintains the State's central fiscal accounts and is responsible for ordering all payments into and out of the funds held by the State Treasurer. The State's cash flow situation improved again during fiscal year 1997. The General Fund's available balance at June 30, 1997 was $806 million. This was $381 million greater than the balance at June 30, 1996. The cash balance generally is affected by the same events previously discussed in the *General Governmental Functions* Section.

The General Fund includes the three school and General Revenue Fund accounts which administer nearly 42% of the State's annual expenditures. The General Revenue Fund is also the State's basic operating fund, funding at least a portion of the operating budgets of every major agency. Nearly all of the $381 million improvement occurred in the General Revenue Fund account.

General Fund

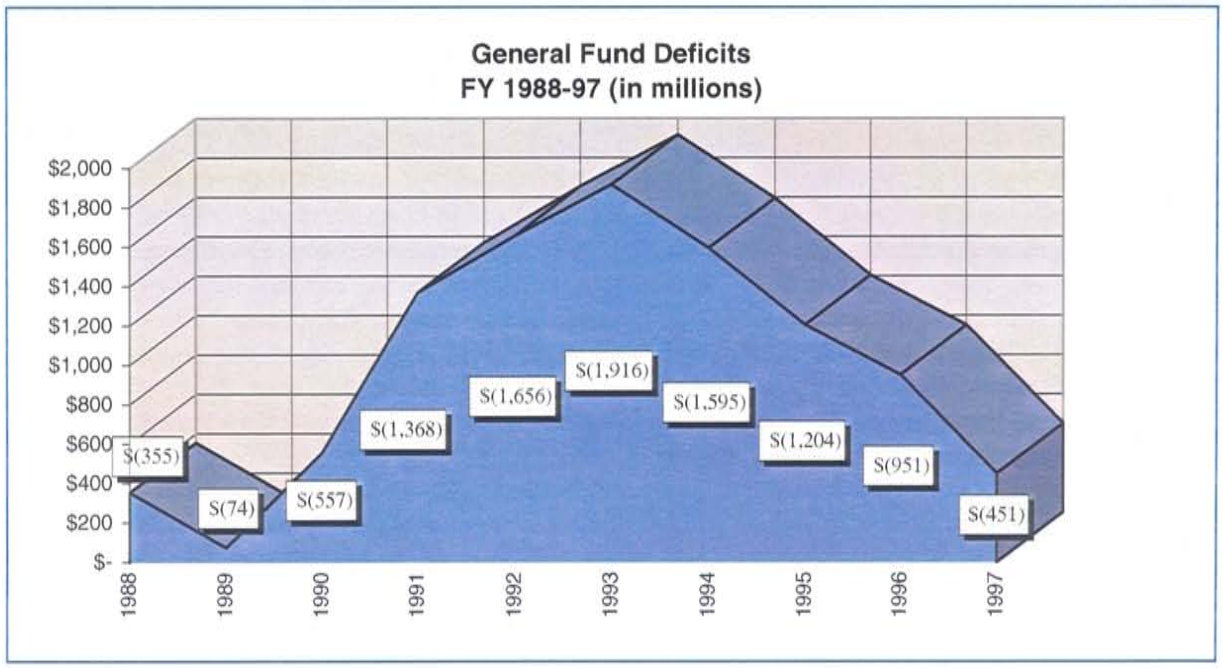
Many State programs are accounted for in the General Fund. As demonstrated by the tables on page xxi (in millions), the State's GAAP basis financial position at June 30, 1997 improved from fiscal year 1996. The fund deficit in the State's General Fund decreased by $500 million on a GAAP basis (from a deficit $951 million to a deficit $451 million). (On the budgetary basis, there was a $45 million fund balance at June 30, 1997 compared to a $292 million deficit at June 30, 1996, a $337 million improvement).

The undesignated fund deficit on a GAAP basis also decreased by $526 million from a deficit of $1.130 billion to a deficit of $604 million. Revenues and transfers-in exceeded expenditures and transfers-out in the General Fund by $500 million in fiscal year 1997.

The General Fund improvement is reflected by the assets increasing by 27% from fiscal year 1996 to 1997, including higher cash, investments and taxes receivable balances. The State's payables and other liabilities increased only (5%) for the same period. Also, General Fund revenues increased by $1.5 billion (8%) while expenditures increased $861 million (5%). Increased income, sales, and other taxes in a healthy economy outpaced expenditures during fiscal year 1997.

	Fund Balance (deficit) at June 30	**Undesignated Fund (deficit) at June 30	Excess (deficiency) of revenues over (under) expenditures and net other financing sources (uses) for the year ended June 30
1988	$ (355)	$ (511)	$ 232
1989	(74)	(256)	281
1990	(557)	(745)	(482)
1991	(1,368)	(1,537)	(806)
1992	(1,656)	(1,825)	(306)
1993	(1,916)	(2,060)	(260)
1994	(1,595)	(1,731)	321
1995	(1,204)	(1,404)	388
1996	(951)	(1,130)	252
1997	(451)	(604)	500

** The amount in the fund balance available (unavailable) for appropriation.



Expendable Trust Funds

Total revenues for the State's expendable trust funds decreased $29 million (2%) from $1.377 billion in fiscal year 1996 to $1.348 billion in fiscal year 1997. Total expenditures decreased $27 million (2%) from $1.293 billion in 1996 to $1.266 billion in 1997.

By far the largest expendable trust fund is the State Unemployment Compensation Trust Fund ("Trust Fund"). The unemployment insurance ("UI") system is a joint state-federal program designed to provide cash assistance to involuntarily unemployed workers regardless of need. During fiscal year 1997, the UI system provided 6.3 million weeks of benefits to laid off workers at an average weekly stipend for recipients of regular benefits of $215. The State is responsible for determining benefit levels and eligibility criteria, and for setting State UI tax levels sufficient to pay the benefits. The federal government provides all administrative funding

and mandates minimal coverage requirements. A separate federal unemployment tax is assessed by the federal government to finance these administrative costs, provide a source of funds for states to borrow against during periods of high unemployment, and to pay the federal share of extended and emergency unemployment benefits.

Because of the solvency problems experienced with the Trust Fund in the late 1970's and early 1980's, the members of the General Assembly have worked closely with leaders of Illinois' labor and business communities to ensure the solvency of the fund for its workers while guarding against rapid growth of taxes on the employer community. In 1987 and again in 1992, business, government, and labor set out to revisit the issues surrounding the administration of the UI system. In 1992, most of the language from the landmark 1987 legislation was carried forward. Illinois employers will have realized tax savings of nearly $343 million over the life of the new agreement, while benefits to unemployed workers will steadily increase.

Current year revenues exceeded expenditures by $86 million and the fund continues to be in a fiscally sound position, as demonstrated by its $2.0 billion fund balance at June 30, 1997. The fiscal health of the fund has been so good that legislation was signed into law in February, 1996 that reduced the minimum tax rate from .6% to .5% and the maximum rate to 6.8% from 8.2%.

Proprietary Funds

Proprietary funds are the State's "business-type" activities and include enterprise and internal service funds. Combined operating revenues for the State's enterprise funds were $1.889 billion in fiscal year 1997 decreasing $22 million (1%) from fiscal year 1996. Combined operating expenses were $1.287 billion, up $6 million (less than 1%) from fiscal year 1996. The only significant fluctuation was at the Department of Lottery where operating revenues decreased $25 million.

The State's internal service funds which provide data processing, motor pool vehicles, telephone communications, printing services, self insurance and other services to State agencies, operated on a profitable basis for fiscal year 1997. Combined internal service funds revenues and expenses for fiscal year 1997 were $871 million and $663 million, respectively. This represents a decrease of $25 million (3%) in revenues and a decrease of $58 million (8%) in expenses from fiscal year 1996 to 1997. The decreases in both revenues and expenditures are primarily attributable to the Health Insurance Reserve Fund where a change in accounting estimate was made for claims incurred but not reported ("IBNR's").

Component Units

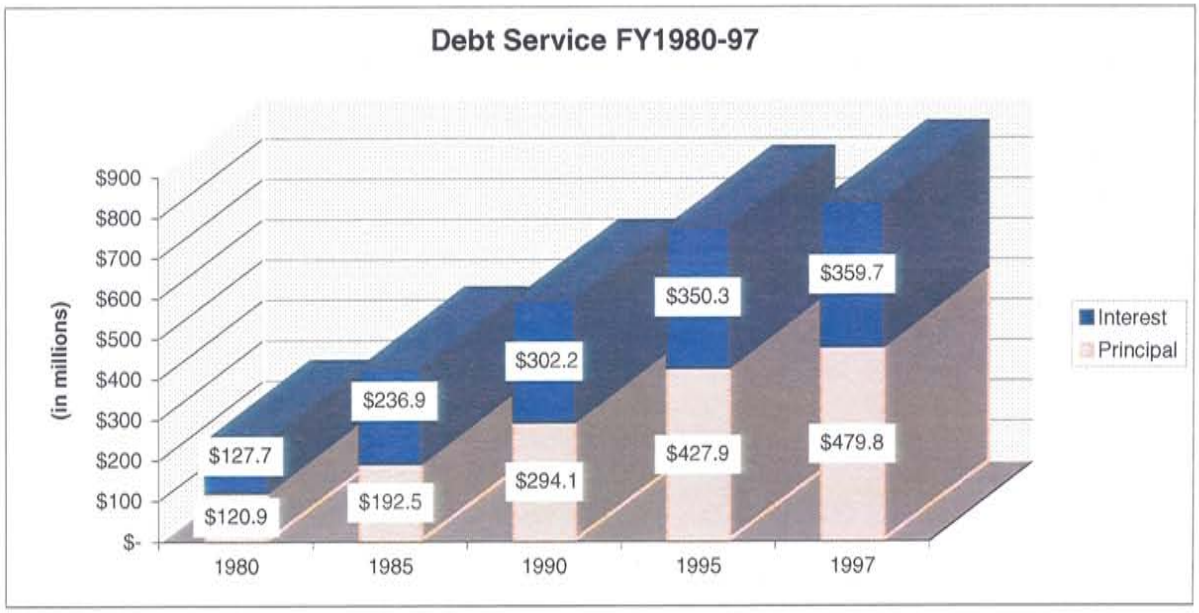
Universities and Colleges. Illinois operates a comprehensive program of higher education, including nine State universities and support for a statewide network of 49 community colleges, 103 private, not-for-profit institutions, 20 proprietary institutions, and a student financial assistance program. During fiscal year 1997, university and college expenditures increased $198 million (4.9%) over 1996. General Fund financial support to the State's universities increased by 2.6%, to $1.233 billion, from fiscal year 1996 to fiscal year 1997. The support includes education and general support from the general revenue and education assistance accounts of the general fund as well as general revenue account payments made to the Universities Retirement System for payments on behalf of the nine State public universities.

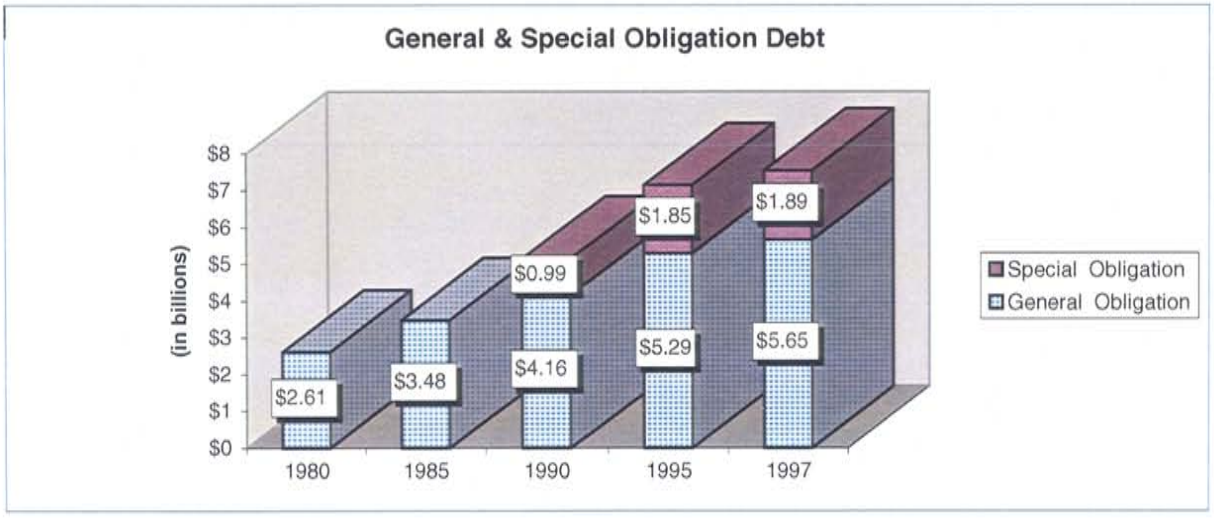
Proprietary. Certain business-type activities that are not a part of the primary government are included as component units. The largest proprietary component units in terms of assets are the Illinois Toll Highway Authority and the Illinois Housing Development Authority. Combined proprietary fund component unit operating revenues and expenses for the current fiscal year were $631 million and $530 million, respectively. This compares to revenues of $682 million and expenses of $676 million for fiscal year 1996.

Debt Administration

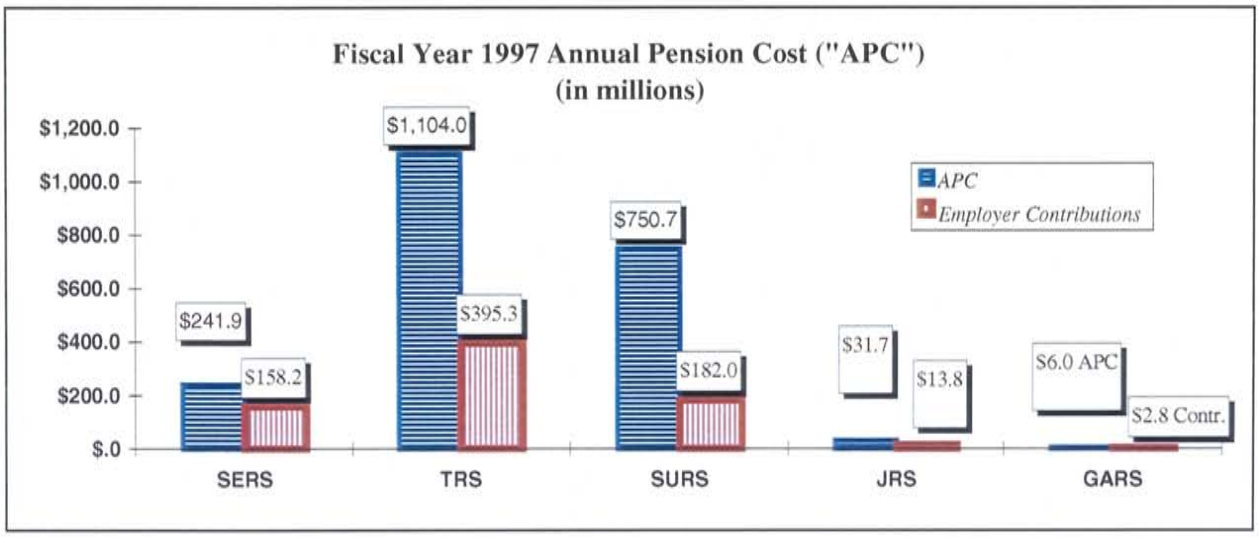
On February 3, 1995, the Illinois general obligation bond rating was lowered from "Aa" to "A1" by Moody's Investors Service. Standard & Poor's Corporation ("S & P") rating remained at "AA-". General obligation bond ratings had previously been adjusted downward in August 1992, from "Aa1" to "Aa" (Moody's) and from "AA" to "AA-" (S & P) to reflect the Illinois cash shortfall. Special obligation bond ratings remained the same, ranging from "AAA" by S & P for Build Illinois bonds to "A" by Moody's for Civic Center bonds. Among the states, Illinois is a moderate debt state with outstanding general and special obligation bonds at June 30, 1997 totaling $7.540 billion. Bonds have been issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal and alternative energy sources.

General and special obligation bonds aggregating $435 million and $60 million, respectively, were issued during fiscal year 1997 at average interest rates ranging from 5.1% to 5.7%. During fiscal year 1996, general and special obligation bonds totaling $975 million and $80 million, respectively, were issued at average rates ranging from 5.1% to 5.7%. Debt service principal and interest costs of $479.8 million and $359.7 million, respectively were paid in fiscal year 1997. The dramatic increase since fiscal year 1980 is displayed below and on page xxiv.





In addition to general and special obligation bonds, Illinois has $4.688 billion of revenue bonds, $102 million of notes payable and $1.838 billion of other long-term obligations outstanding as of June 30, 1997.



Retirement Systems

Total net assets of the State's five pension trust funds, on a "fair value" basis, aggregated $32.2 billion at June 30, 1997. During fiscal year 1997, the State adopted GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers.* The statement requires, among other things, that assets be valued at *fair value.* The beginning fund balance reserved for employees' pension benefits in the pension trust funds was restated, increasing by $4.0 billion to reflect fair value in accordance with this standard (See note 3, *Restatement of Fund Balances*).

The State's pension trust funds simultaneously implemented GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* in their stand-alone financial statements. GASB Statements 25 and 27 rescind all previous

disclosures required by GASB Statement 5. The new standards reduce some of the funding disclosures required by the employer (i.e., the State of Illinois) and refers the reader to the pension trust fund stand alone financial statements for further information.

GASB Statement 27 also required the State to restate its accrued retirement costs with a net pension obligation ("NPO") at transition in accordance with certain parameters. The beginning fund balance in the General Long-Term Obligations Account Group was restated (reduced by $1.9 billion) to reflect the State's accrued retirement costs at transition in accordance with GASB Statement 27 (See note 3.).

Statement 27 focuses the reader of the State's CAFR on annual pension cost ("APC") in accordance with certain accounting parameters as compared to the amount contributed. The State retirement systems were underfunded by $1.4 billion during fiscal year 1997 and this amount has been added to the NPO at transition in the General Long-Term Obligations Account Group (See chart on previous page).

During fiscal year 1997, all of the State systems were funded in accordance with the *statutory funding* requirement. The new law enacted in fiscal year 1996 provides for a 50-year funding plan with a 15 year phase-in and a "continuing appropriation." The continuing appropriation provides the Comptroller's Office with the authority to automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process. However, the State's 50-year funding plan does *not* meet the more stringent 40-year minimum amortization "parameters" required to be reported in the State's financial statements in accordance with GASB Statement 27.

Risk Management

The State's risk management program encompasses a wide range of State government activities. Generally, the State has elected to retain most exposures to risk, with only limited purchase of commercial insurance. Among the exceptions are coverage for real property at the James R. Thompson Center in Chicago, the State Retirement Systems building, and the Regional State Office complex in Collinsville. Limited commercial coverage for personal property includes a small portion of the State's fleet of motor vehicles, certain telecommunications equipment, the fixed and rotary wing aircraft fleet, some State watercraft, selected items of electronic data processing equipment, a portion of the State's collection of fine art, as well as a small number of other property and liability exposures.

The State retains workers' compensation and auto liability exposures, including claims management. Other major retained risks include employee fidelity and surety, as well as general liability. The State's risk management program also includes legal representation and indemnification of employees sued for violation of civil and constitutional rights and other tort liabilities while acting in an official capacity.

MAJOR INITIATIVES

For the Year. Major initiatives for the year generally reflect the priorities set in the budgetary process. Education, welfare reform, and prisons were some of the "initiatives" mandated by the General Assembly for fiscal year 1997. Other initiatives are less visible but are nonetheless important to state government. Some initiatives undertaken by the State are discussed below.

Service Efforts and Accomplishments ("SEA")

As mentioned in my introductory letter to the people of the State of Illinois, one of the financial reporting areas in need of improvement is measuring the performance by the government. One of my initiatives is to explore the value of SEA in financial reporting and set the stage for the future of SEA. A section immediately after this transmittal letter provides an overview of the purposes, history, and issues regarding SEA. A section in the statistical and economic section also

presents illustrations of SEA performance data. SEA sections are highlighted with a blue border for ease of reference.

Statewide Accounting Management System ("SAMS")

SAMS replaced the Comptroller's Uniform Statewide Accounting System ("CUSAS") on July 1, 1997. After the initial year, agencies will see additional changes as the Comptroller's Office begins to take full advantage of the capabilities of the new system. Some of these capabilities include electronic report delivery, electronic commerce, information warehouse queries, electronic data interchange, electronic benefits transfer, and use of the Internet and World Wide Web.

Truth in Budgeting

Public Act 90-479, effective August 17, 1997, requires budgets to be presented in accordance with generally accepted accounting principles ("GAAP") for governments for the General Revenue, Common School, Education Assistance, Road, Motor Fuel Tax and Agriculture Premium Funds. The act requires that for the above funds, the General Assembly shall not enact appropriations that exceed the resources estimated to be available on a "GAAP basis." The legislation is effective for fiscal year 1999.

Receivables Reporting

The Comptroller's Office has reported gross receivables of $7.4 billion at June 30, 1997, for *statutory compliance reporting*. Of that amount, nearly $2.6 billion (35%) was estimated as uncollectible. Of the net receivable ($4.8 billion), $2.9 billion is over 180 days past due. Net receivables for the total reporting entity in for *GAAP reporting* totaled $8.7 billion. The difference is because the measurement focus and basis of accounting differ for statutory and GAAP receivables reporting.

The Comptroller's Office will use recently enacted legislation to improve debt collection in Illinois. Under the new legislation's last call provisions, the Debt Collection Board is establishing timetables and procedures for uncollected debt that is not subject to a repayment plan. These new measures will assist State agencies in doing a better job of bringing in delinquent dollars. Also, the Comptroller has initiated efforts to benchmark State agencies collection efforts and report the results of those efforts.

House Bill 2251

On July 11, 1996, House Bill 2251 was signed into law. This package of fiscal tools will have an important impact on State government budgeting, spending, revenue and debt collection practices. A major component of the bill is the reduction of the State's "lapse period", the time following the end of the fiscal year used for paying bills incurred by June 30th. This legislation reduced the lapse period from 3 months to 2 for the 1st time in fiscal year 1997, ending the practice of allowing fifteen months of State spending out of twelve months of revenue. The State is now able to close its books sooner, which will allow for more timely financial reporting to State lawmakers, policy makers and other users.

The legislation also requires professional and artistic and certain other contractual services to meet the "GAAP" definition of a liability in order to be paid during lapse period. That is, the services must be both *contracted and performed by June 30* to be paid from the expiring appropriation.

Pension Legislation

The State's pension liability for the five state sponsored retirement systems recorded in the General Long-Term Obligations Account Group at June 30, 1997 is nearly *$10.6 billion*. The pension liability was restated to reflect the requirements of GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers.*

P.A. 88-0593, effective for fiscal year 1996, provided for a systematic 50-year funding plan with an ultimate goal to fund the cost of maintaining and administering the pension systems at an actuarial funded ratio of 90%. The legislation allows for a 15-year funding phase-in period and establishes a "continuing"

appropriation, removing the appropriation of these funds from the annual budgetary process and requiring "automatic" funding in accordance with the actuarial amounts. Although the legislation does not meet the accounting parameters in Statement 27, the Comptroller's Office considers the legislation a positive step and will monitor compliance with this new law. For fiscal year 1997, the retirement systems were funded in accordance with law.

Corrections

Significant emphasis was placed on public protection and justice as evidenced by the following initiatives by the Illinois Department of Corrections:

- Opened workcamps in Pittsfield and Vandalia, 800 beds total;
- Opened four new cellhouses of 448 beds each at Dixon, Dwight, Graham and Logan;
- New Illinois Youth Center juvenile boot camp with 100 beds at Murphysboro was opened;
- The Community Correctional Center at Peoria, with 141 new beds, was opened;
- Added 50 new parole agents to staff.

For the Future. Statewide accounting changes, education, corrections, and human services reorganization are some of the areas where future initiatives are anticipated. These future initiatives are discussed below.

Year 2000

One immediate benefit of SAMS will be that it provides a solution to the year 2000 problem. This is a common issue all organizations must address related to their computer systems. As a space saving convention, most computer systems have been developed using a two digit fiscal year. When the year 2000 arrives, these systems will not be able to accommodate the four positions needed to specify the new millennium. The cost for the State to convert 85 separate accounting and information systems is astronomical and it becomes more expensive as time progresses. This represents a large, unplanned expenditure that State agencies must quickly address.

Education

During the 1997 school year, 1.910 million students were enrolled in Illinois public elementary and secondary schools. The State Board of Education projects that public school enrollments will increase to 1.944 million pupils by the 2005 school year. On December 4, 1997 Public Act 90-548 was signed into law which will have a significant impact on education in Illinois. It provides for a "foundation level" per pupil of $4,225 for the 1998-1999 school year, increasing to $4,425 per pupil for the 2001-2002 school year and thereafter. The foundation level is a figure established by the State representing the minimum level of per pupil financial support that should be available OT provide for the basic education of each pupil in Average Daily Attendance. The law also provides for school infrastructure improvement and supplemental general state aid to school's in areas with a low-income concentration.

Corrections

Public protection continues to be a major focus of the State in fiscal year 1998 and thereafter. Some forthcoming corrections initiatives include:

- Opening of Tamms Supermax 500-bed prison, designed to house the State's most dangerous inmates, is scheduled to open during fiscal year 1998;
- Adding 100 juvenile staff at various facilities in fiscal year 1998;
- Opening three day reporting centers and Community Drug Intervention Programs;
- Two Community 400-bed Correctional Centers are included in the budget for fiscal year 1998.

Department of Human Services

Executive Order number three, effective July 1, 1997, created the Department of Human Services and transferred to it all the rights, powers and duties of the Department of Alcoholism and Substance Abuse, Department of Mental Health and Developmental Disabilities, and Department

of Rehabilitation Services. The order also transfers other rights, powers, and duties among human service agencies. The goal of the consolidation is to provide a responsive, effective human services delivery system for the people of Illinois in an efficient and financially accountable manner without sacrificing quality.

ECONOMIC AND FISCAL OUTLOOK

ECONOMIC OUTLOOK

Growth in foreign trade offers Illinois companies extraordinary opportunities for new sales, but opens Illinois markets to a world full of opportunistic foreign companies. The true test of an economy's competitiveness is how well it meets this international competition. Once disparagingly referred to as part of the rust belt, Illinois has instead developed a dynamic economy that is a serious world trade participant.

Home to such major exporters as Caterpillar, Motorola, and Abbott Labs, Illinois merchandise exports totaled $32.2 billion during 1996 - fifth highest among the states. Illinois exports have grown rapidly in recent years. The value of Illinois exports increased 58.4% between 1993 and 1996 compared to a 34.0% increase in total U.S. merchandise exports.

Manufacturing exports are led by industrial machinery and computers with $8.2 billion in exports in 1996 followed by electric and electronic equipment ($6.6 billion). Four other manufacturing sectors had exports valued over $1 billion including chemical products ($4.2 billion), transportation equipment ($2.3 billion), food products ($1.6 billion), and scientific and measuring instruments ($1.5 billion).

Illinois ranked third in agricultural export sales in 1996 with total agricultural exports valued at $4.0 billion. Specialization in corn and soybean production is reflected in Illinois' rank as the second largest exporter of each crop.

Illinois' success in international trade has been based on technical expertise and a strong resource base rather than low labor costs as the state has maintained its position as one of the country's wealthiest states. Illinois per capita income during fiscal year 1997 stood at $27,609, 9.8% or $2,474 greater than the national average.

The Illinois economy takes advantage of its many natural strengths. During 1996 the state was the second largest producer of corn and soybeans and the fourth largest producer of hogs. Illinois agri-business has developed to add value to these products. Illinois is the number one ethanol producer among the states. With such major Illinois companies as Archer Daniels Midland and A.E. Staley (both headquartered in Decatur, the soybean capital of the world), Illinois produces a wide variety of specialized products based on corn and soybeans.

Illinois continues to be home to major producers of heavy equipment. Examples include agricultural equipment (such as the Deere plants in the Quad Cities), construction equipment (Caterpillar, which is based in Peoria and is the world's largest earth moving equipment company), and machine tools (a specialty of the Rockford area). Although manufacturing payrolls have been trimmed in recent years, an average of 977,000 Illinoisans held manufacturing jobs during fiscal year 1997.

Illinois' central location makes it the logical transportation hub for the nation. Illinois is home to O'Hare airport, the nation's largest, and an excellent highway and railroad network. The low distribution costs from basing an operation in Illinois allow for the continued generation of new jobs in transportation and merchandising. During fiscal year 1997, 336,000 Illinoisans were employed in the transportation, communications, and public utilities sector, while 1.3 million were employed in wholesale and retail trade.

The state's role as the central distribution point for agricultural commodities caused it to develop as the world's leading futures market. Illinois continues to be a national leader in financial

industries such as banking, derivatives trading, and insurance and is corporate headquarters for many of the country's leading companies. During fiscal year 1997, finance, insurance, and real estate employed an average of 388,000 Illinoisans.

As home to 39 of the Fortune 500 companies, Illinois ranked third among the states, trailing only New York and California.

Illinois' reputation for research and technical innovation are well founded. Illinois is home to major government research laboratories such as the Argonne National Laboratory and the Fermi National Accelerator Lab, major private research labs such as those operated by Amoco Oil and Tellabs, major private universities including Northwestern University and the University of Chicago, and the state's network of nine public universities including the University of Illinois home of the Beckman Institute. The brainpower generated from these institutions continues to make Illinois a major center for technological advancement and a logical location for the production of advanced products.

Forecast for the Future

The most recent economic forecast for the Illinois economy prepared by the consulting firm of DRI/McGraw-Hill sees the Illinois employment growth rate slowing over the next five years. Illinois employment is forecast to increase at a 1.3% annual rate between 1997 and 1999 and at a 0.8% annual rate between 1999 and 2002. Across the nation, employment growth is estimated at between 1.8% and 1.1% during the same periods. The study notes that the strengths of the Illinois economy are its diversified economy including high technology clusters, its role as the regional center for trade and exports, and its skilled labor force.

The longer term forecast expects continued growth in the Illinois economy, particularly in the service sectors. Between 1997 and 2013, Illinois is expected to add 683,000 jobs, an 11.9% increase. Over 500,000 of these new jobs are expected to be in services where employment is expected to increase 30.4%. In contrast, manufacturing employment is expected to decline by 68,000 jobs or 7.0% over the next sixteen years.

The long term forecast is vulnerable to unexpected economic fluctuations. Traditionally, the Illinois economy, with its emphasis on durable manufacturing, has been extremely sensitive to the business cycle. However, the increased emphasis on services and finance in the Illinois economy and better control over inventories by manufacturers are likely to reduce the impact of economic downturns on Illinois.

Long-Term Demographic Trends

The steady increase in the Illinois population is expected to continue into the twenty-first century. Illinois Bureau of the Budget estimates released in 1997 predict that the Illinois population will increase from 11.4 million in 1990 to 13.3 million in 2020.

As the baby boom generation ages, there is expected to be a shift in the age distribution of the Illinois population that may have an impact on the types of services demanded from state government. In 1990, 39.8% of the Illinois population was in the 20-44 age group and 18.7% was in the 45-64 age group. In 2020, the portion in the 20-44 bracket is expected to decline to 37.1% with the 45-64 share increasing to 22.0%. As the baby boom reaches age 65 after 2015, the population will age fairly quickly and a significant increase in the proportion of elderly is expected.

FISCAL OUTLOOK

For the 4th consecutive year the State's General Fund GAAP balance improved, from a $951 million deficit in 1996 to a $451 million deficit in 1997. This $500 million improvement is nearly double last year's increase. Fiscal year 1997 also marked the 5th straight year of improvement in the State's General Funds budgetary balance (measured on a cash basis) as the balance rose from a $292 million *deficit* in fiscal year 1996 to a $45 million *surplus* in 1997--the first positive budgetary balance since 1989.

The State's daily cash availability also improved. Building on the progress of the prior four years,

overdue payables from the General Funds were reduced steadily throughout the year. Although payment delays still occurred, those delays were shorter than during the previous five years. Payment delays were eliminated entirely by the end of April, 1997. Another indication of improving fiscal health is the fact that the State did not engage in short-term cash flow borrowing for the first time since fiscal year 1992.

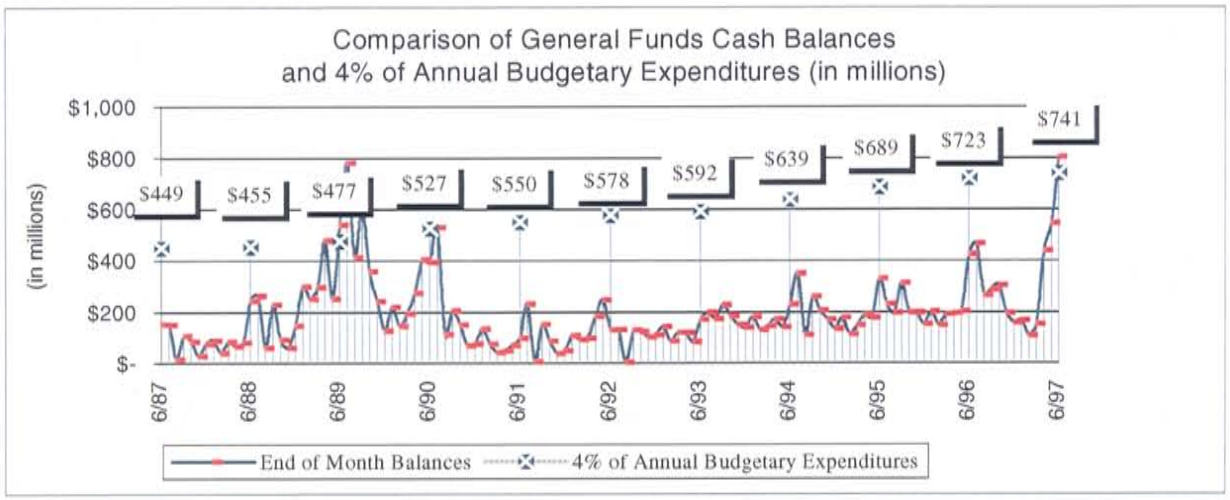
The GAAP and cash basis improvements were made possible by two factors. First, due to the continued strength of the economy, Illinois' General Funds saw an increase of $918 million or 5.1% in "base" revenue (total revenue excluding short-term borrowing) in fiscal year 1997. Second, the State was able to significantly reduce the level of unpaid Medicaid bills carried over from the prior year. This marks the 3rd year in a row that such liabilities were reduced.

Between 1995 and 1996, Section 25 General Fund liabilities payable out of future year appropriations declined by $648 million. There was a $734 million *decrease* in Section 25 liabilities under the State's Medicaid program. The State's group health insurance program for employees, retirees, and their dependents administered by the Department of Central Management Services *increased* $86 million between fiscal years 1995 and 1996.

In 1997, Section 25 deferrals dropped by $287 million. Deferrals for group health insurance decreased $58 million, while Medicaid deferrals fell by $229 million. This is a $1.41 billion reduction in the Medicaid deficit in the last three fiscal years and reflects the cumulative impact of increased resources and program cuts.

While there have been improvements across a broad spectrum, the fact that Illinois still has a GAAP deficit suggests that there is room for further improvement. Although the magnitude of needed improvement may be subject to debate, a comparison to benchmarks suggested by the financial community is useful in placing the state's fiscal health in perspective.

Those involved in evaluating the fiscal health of governments generally believe that the ability to maintain working balances in the range of 4%-5% of month budgetary expenditures indicates a strong fiscal position. As evident in the chart below, the State's General Funds end-of-month balances in June ($806 million) crossed over the 4% threshold for the 1st time since fiscal year 1990.



In order to continue to improve its fiscal health, the State faces several challenges. To maintain balances at more acceptable levels and keep payment cycles under control, resources must continue to be directed to these purposes. This will not be easy. The ability to allocate resources will be constrained on one hand by revenue growth and on the other by the competing budgetary needs of programs such as education and those administered by the Departments of Human Services, Corrections, Children and Family Services and Public Aid.

Since revenue growth will mirror the strength of the economy, the record revenue growth of fiscal years 1995 and 1996 is not likely to be repeated in the near future. In fact, fiscal year 1998 General Funds base revenue growth is currently estimated at $650 million, $268 million less than in fiscal year 1997 and less than half the 1995 increase.

Although Section 25 deferred liabilities appear to be largely under control, continued efforts will be required to keep deferrals from again becoming a budgetary black hole. This is especially applicable to the Medicaid program.

The size, scope and demographics of Medicaid are not static but are driven by several dynamic factors. Advances in medicine have resulted in new and beneficial, but often extremely costly treatments. The aging of the population in general, and in Illinois in particular, means that one of the fastest growing and most expensive to treat segments of the population will exert even stronger influence on the demand for health care services. In addition, fundamental changes in the Medicaid program at the federal level will have a profound effect on the state's budget. All of these pressures and more will also result in significant changes in the way health care services are both paid for and delivered.

Future budgets will also have to address longer-term issues, particularly funding for the state's pension systems. In the past, adequate pension funding was deferred to future years in order to make room in the annual budgets for other more immediate program needs. With the enactment of P.A. 88-593, Illinois began to seriously address its public pension funding problems in fiscal year 1996.

Unlike past funding legislation which was largely ignored in the budget process, one of the key provisions of the new law provides the Comptroller with continuing appropriation authority to make sure that required pension contributions are made each year. In fiscal year 1997, the 2nd year of the new funding legislation, state employer contributions totaled $752 million and met the statutory funding requirement.

Independent Audit

The Illinois Auditor General has elected to perform a "department by department" single audit in conformity with the provisions of the *Single Audit Act Amendments of 1996* and the U.S. Office of Management and Budget Circular A-128, *Audits of State and Local Governments,* and Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Separate departmental financial reports for those State agencies subject to the Single Audit Act include the schedule of federal financial assistance or schedule of expenditures of federal awards, findings and recommendations, and the auditor's reports on internal control and compliance with applicable laws and regulations. The Illinois Auditor General has performed an audit of the accompanying general purpose financial statements in accordance with generally accepted auditing standards, and his unqualified opinion is presented herein.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting ("Certificate") to the State of Illinois for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 1996. This is the thirteenth consecutive year that the State has received this prestigious award in governmental financial reporting. In order to be awarded a Certificate, the State of Illinois published an easily readable and efficiently organized CAFR whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate is valid for a period of one year only. We believe our current report continues to conform to the Certificate Program's requirements. I will be submitting this report to the GFOA to determine its eligibility for another certificate.

SEA/PERFORMANCE MEASURES-AN OVERVIEW

PERFORMANCE MEASURES

The necessity of planning (specifying in advance), and then measuring the accomplishment of results (performance) has been accepted as an essential component of management practice and accountability in all organizations for most of this century.

In the private sector the traditional view has been, regarding profit-seeking organizations, that planning and measuring results could principally be accomplished with financial measures of performance. Such financial measures include profit margins, earnings per share, growth in sales revenue, and asset-to-liability relationships. Though in recent years, even the private sector has begun to recognize the importance of non-financial measures such as customer satisfaction, quality, and timeliness.

In the public sector (government and non-profits), there has also been a traditional focus on financial measures for planning and accountability. Budgeting, as the key planning or decision-making policy tool, focuses on available financial resources and their authorization to particular expenditure purposes. Accountability, or performance measurement, focused on financial measurements of what was spent in comparison to budget, and what did the spending buy. But the recognition that financial measures alone are inadequate has an even longer history in the public sector.

The duration and intensity of this recognition is directly related to the essential reasons for the existence of government and eleemosynary entities. They do not exist for the purposes of making a profit, or raising revenue, or spending, or even staying within budget. They exist for the purposes of providing services efficiently and effectively. Financial measures alone, therefore, can never adequately support policy decision-making or performance and results accountability in the public sector. The history of attempts to include non-financial performance measures in the management process of government traces back to the years immediately following WW II.

PERFORMANCE MEASUREMENT IN GOVERNMENT

The necessity to include non-financial performance measures in government decision-making and accountability processes began to be recognized in a variety of commission reports; academic literature; federal, state and local laws; and government process reform efforts in the years following WW II. Such efforts and recognition have continued unabated to the present. Without exception all such efforts have had to struggle with two essential questions. These two questions may be simplified as the "measure what?" and the "who, when measure?" issues.

The "measure what?" issue goes to the fundamental question of what are the purposes and priorities of government. In government decision-making it is far easier to decide that one government department will get an additional million dollars for salaries than it is to decide that we will resurface a hundred miles more roads instead of placing several thousand more teenage mothers in prenatal programs. In government accountability it is far safer to report we underspent our budget for contractual services by 20% than it is to disclose that the number of toxic waste sites we inspected decreased by one-third, while the population of identified sites requiring inspection doubled. The "measure what?" question continues to bedevil us for at least two reasons. First, it is hard to get consensus on what are the purposes of government and how they can be measured. Second, government policy makers and managers resist making explicit the performance impacts that are embodied in their decisions and result from their activities.

The "who, when measure?" question has a long and fascinating history. The problems of what performance to measure, and how to measure it, have remained pretty constant. What has undergone change over time is where in the government process the performance measures should be used, who should decide on which performance measures, and when and how they should be disclosed, if at all.

Clearly, the first answer to the "who, when measure?" question that received significant attention was the government budget process. The rhetorical question asked was, "Shouldn't government be making resource allocation decisions based on what services to provide and what outcomes and results are to be achieved?" In its most conceptually developed forms, budgeting would take place within an agreed, explicit hierarchy of goals and objectives, each with their own activity and outcome performance measures, with the decisions made based on what activity and outcome performance levels were desired. Budgetary accountability would take the form of reporting activity and outcome results achieved, not just spending measures. Functional and Performance Budgeting in the 1940's, Program Budgeting in the 1950's, Planning, Programming & Budgeting (PPB) and Zero-Based budgeting in the 1960's and 1970's all reflect this approach. While the acronyms change, attempts to include performance measures in the budget process continue through to the present day.

The second answer to the "who, when measure?" question was developed in the 1970's and continues in various forms today. In this answer the emphasis is on oversight by agents external to the executive branch of government, and the role of performance measures in accountability rather than in decision-making. In some variations of the answer, the external agent is the legislature, and the process has names like legislative program evaluation, or legislative sunset review. In other instances the agent is the government post auditor, and the process is called performance auditing, management auditing, operational auditing, or program results review. In all cases, performance measurement is to be used to assess how well the executive branch is doing.

A third answer emphasizes using performance measures as part of agency and program management. This approach received substantial attention in the 1980's under the rubric of strategic planning. In the 1990's it has a role in the "reinventing government" movement, and is a core element of the Federal National Performance Review effort and performance accountability legislation. Performance measures are seen not only as a necessary component of agency/program management planning and accountability, but also an integral part of agency/program management controls. This perspective acknowledges that the specification of the public priorities to be served, the selection of the performance measures to be used, and the actual measurement of results must come from the government's executive/legislative policy process and agency/program management. The illustrative SEA performance information presented in this CAFR primarily reflects that assumption.

The newest and most relevant answer to the "who, when measure?" question ironically brings the discussion full circle. The classic vehicle of financial performance measurement has always been GAAP-based financial statements (CAFR's). The agent of such financial performance measurement accountability has been the preparer, issuer of the financial statements -- typically called the comptroller in both the private and public sectors. FASB (the source of private sector GAAP) has made some soft suggestions that perhaps corporate annual reports should disclose more than just financial performance and status measures. But GASB (the source for government GAAP) has gone much further. In several of its issuances on the objectives of government financial reports, it has indicated at the conceptual level that disclosure of non-financial performance measurements are among its top three or four objectives. At the more specific level GASB has indicated its intent to provide future GAAP guidance to governments regarding the inclusion of performance measures and has solicited experimentation by government CAFR issuers with the inclusion of SEA, so that GASB can benefit in developing authoritative guidance.

PERFORMANCE MEASUREMENT IN ILLINOIS

Illinois has not been isolated from the national trends and fads in state government management concepts over the years, including those that contained performance measurement aspects. In approximate chronological order they have included:

- In 1972 the General Assembly established the Economic and Fiscal Commission (IEFC). One of the Commission's early missions was to compile program output and outcome information and prepare evaluative reports for the legislature's use regarding agency performance results.

- In 1974 the General Assembly enacted the Illinois State Auditing Act to implement the Auditor General provisions of the 1970 Constitution. The Act drew heavily on the General Accounting Office (GAO) Model State Audit Act and incorporated broad and explicit authority for the Auditor General to conduct management and program performance audits. These are defined to be independent, after the fact (i.e., "post" audit) assessments of the efficiency and effectiveness (performance) of agencies and programs.

- In 1975 then-Governor Dan Walker and his Bureau of the Budget implemented an "accountability budget" process and justification to the General Assembly. The process and presentation required funding to be tied to measures of outputs and outcomes.

- In the early 1980's the General Assembly enacted regulatory "sunset review" legislation. This initiative focused on state government regulatory programs, particularly those regarding licensure of professions. The legislation required analysis of the costs and performance results of the covered programs.

- In 1989 the General Assembly passed the Budget Performance Accountability Act. It directed the Governor and the Director of the Bureau of the Budget to develop and implement a program that would tie agency performance results to their budgetary authority. The Act provided for full implementation by 1993.

- Starting in the 1980's the GASB concluded that users of the information provided by governmental financial reporting share a common interest in information about the services provided by the organization, its efficiency and effectiveness in providing those services, and its ability to continue to provide those services. Taxpayers need information to help them assess whether governmental units have achieved their public objectives. In addition, they want to know how the services provided by the governmental unit are likely to affect the amount of taxes and fees they will be required to pay. Resource providers such as lenders, suppliers, and employees view a governmental organization as a source of payment for the cash, goods, or services they supply. Governing and oversight bodies also use information about services rendered to help them evaluate whether managers have carried out their policy mandates and to change or formulate new policies for the organization. Realizing the insufficient disclosure of such information demanded by accountability, the Governmental Accounting Standards Board (GASB) initiated research on Service Efforts and Accomplishments (SEA), a new format for the disclosure of performance measurement. The uses of resources represent service efforts, and the results represent service accomplishment; thus, SEA reporting focuses on the results as well as the resources consumed. Its objective is to assess the benefits of expending efforts and financial resources. There are three broad categories of SEA measures: measures of efforts (inputs), measures of accomplishments (outputs and outcomes), and measures that relate efforts to accomplishments (efficiencies).

The GASB believes that full accountability requires additional information beyond that traditionally supplied in external financial statements. While such a requirement would considerably expand the scope of the published financial statements, the GASB has expressed the view that, as the primary accountability document, the external financial report (the CAFR) is the appropriate vehicle for the disclosure of SEA measures.

The GASB Concepts Statement No. 1, *Objectives of Financial Reporting,* (May 1987) concludes that the objectives of GAAP financial statements includes "assist in fulfilling government's duty to be publicly accountable and...enable users to assess that accountability," and to "provide information to assist users in assessing the service efforts, costs and accomplishments of the governmental entity". Over four years, 1989-1993, GASB published nine related research reports to discuss the results of its SEA research project. In 1994, GASB issued its Concepts Statement No. 2, *Service, Efforts and Accomplishments,* stating, "the Board believes that reporting SEA information is fundamental both to governmental decision making and to public accountability." The GASB also issued a Preliminary Views document and an Exposure Draft on SEA concepts in 1992 and 1993, respectively. These documents, in addition to the identification of the three broad categories, discussed the nature and value of explanatory information being presented with SEA measures, limitations of SEA information, and a description of characteristics of SEA information required to achieve the objective identified.

On April 2, 1997, the Chairman of the GASB and its Director of Research announced the designation of Illinois and its FY 1997 CAFR, as a GASB service efforts and accomplishments (SEA) experimentation project.

SEA-PERFORMANCE MEASUREMENT: ISSUES AND EXAMPLES

It is not very difficult to argue that creating and providing SEA performance measurement information for governments is justified, necessary, and desirable. That does not mean that it is easy or noncontroversial. There are numerous reasons why it is difficult and contentious. To assist the user of this first experimentation effort, some of such considerations are briefly noted in the following points.

- Governments take INPUTS (tax payer dollars, employees, facilities) and convert them into OUTPUTS and ACTIVITIES (applications processed, miles of highway resurfaced, number of visitors to parks) ostensibly to create desired public OUTCOMES, RESULTS, BENEFITS (more literate students, reduced infant mortality, cleaner water). Governments have always measured INPUTS, and frequently tracked OUTPUTS and ACTIVITIES. Dealing with OUTCOMES and RESULTS is the invariable problem. But taxpayers are entitled to know if government is accomplishing anything -- fixing problems and making things better, not just keeping government employees busy. The SEA illustrations and examples in this CAFR reflect measurements of a variety of input, output, and outcome indicators.

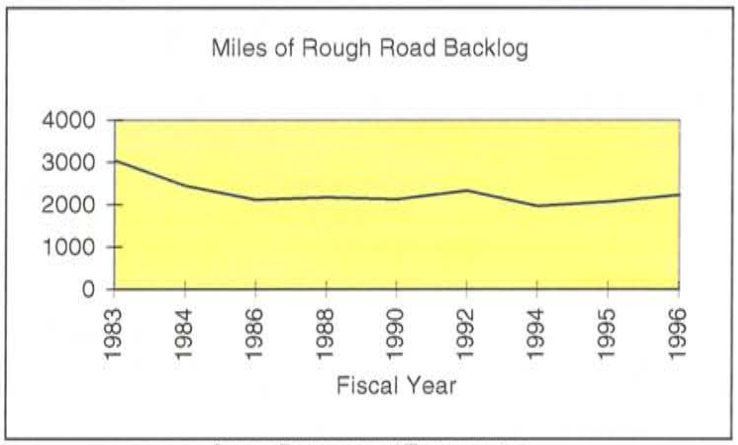
- Another continuing concern is what the academics refer to as the causation issue. There is a tendency to claim when good things happen it is because of wise policy decisions and effective government programs. Conversely, when bad things happen it is attributable to other factors outside of anyone's control. It is almost always easier to find things to measure, than it is to prove that government policy decisions and program actions actually cause, or even influence the indicators being measured. The user of

SEA performance measurement information needs to be prepared to ask the question, "is it reasonable to argue that a $50,000 government initiative increased the average temperature in the state by 10 degrees?"

- Measurements alone are just data. To become useful, relevant SEA information, they must be placed in an evaluative context. The examples and illustrations in this CAFR reflect varying approaches to creating such contexts. For example: presenting measurement data over time.

This allows the reader to see if the indicator is increasing, decreasing, or remaining constant in relation to the policy decisions and government program activity.

The following example demonstrates the backlog of miles of rough roads for the past 13 years.



Source: Department of Transportation

- In the ideal, it would be possible to compare infant mortality statistics among several state governments to determine whose prenatal and Women, Infants and Children (WIC) programs are the most efficient and effective. However, while the outcome measurement data may be available, the reader must be satisfied that the individual state programs are similar or comparable, and that other socio-economic factors influencing infant mortality do not render the comparison unreliable.

The two following examples employ the comparative framework. The first compares and ranks state park programs by measures of park visitors. The second uses data from the National Education Association (NEA) to compare public school spending per elementary and secondary pupil based on Average Daily Attendance (ADA) and Enrollment (ENR).

STATE PARK VISITORS, FY 1994			
STATE	STATE PARK TOTAL VISTORS (000)	VISITORS PER CAPITA	RANK BY PER CAPITA
ALABAMA	6,183	1.5	44
ALASKA	5,167	8.6	4
ARIZONA	2,095	0.5	49
ARKANSAS	6,354	2.6	26
CALIFORNIA	65,512	2.1	33
COLORADO	11,997	3.3	18
CONNECTICUT	8,207	2.5	27
DELAWARE	2,974	4.2	14
FLORIDA	11,903	0.9	47
GEORGIA	15,726	2.2	31
HAWAII	15,178	12.9	2
IDAHO	2,517	2.2	32
ILLINOIS	39,642	3.4	17
INDIANA	10,644	1.8	36
IOWA	12,026	4.2	13
KANSAS	7,639	3.0	21
KENTUCKY	28,948	7.6	6
LOUISIANA	1,362	0.3	50
MAINE	2,026	1.6	39
MARYLAND	9,605	1.9	35
MASSACHUSETTS	17,902	3.0	22
MICHIGAN	23,594	2.5	28
MINNESOTA	7,924	1.7	37
MISSISSIPPI	4,177	1.6	41
MISSOURI	15,214	2.9	24
MONTANA	2,100	2.5	29
NEBRASKA	9,196	5.7	8
NEVADA	2,886	2.0	34
NEW HAMPSHIRE	1,178	1.0	46
NEW JERSEY	13,174	1.7	38
NEW MEXICO	4,317	2.6	25
NEW YORK	63,626	3.5	16
NORTH CAROLINA	11,281	1.6	40
NORTH DAKOTA	978	1.5	43
OHIO	59,436	5.4	9
OKLAHOMA	16,614	5.1	10
OREGON	41,944	13.6	1
PENNSYLVANIA	36,541	3.0	20
RHODE ISLAND	3,048	3.1	19
SOUTH CAROLINA	8,861	2.4	30
SOUTH DAKOTA	6,212	8.6	3
TENNESSEE	29,733	5.7	7
TEXAS	23,544	1.3	45
UTAH	6,955	3.6	15
VERMONT	904	1.6	42
VIRGINIA	4,286	0.7	48
WASHINGTON	45,309	8.5	5
WEST VIRGINIA	8,891	4.9	11
WISCONSIN	14,707	2.9	23
WYOMING	2,028	4.3	12
50 STATES	752,265	2.9	
DC	0	0.0	
UNITED STATES	752,265	2.9	

Source: CQ's State Fact Finder 1997 -- Rankings Across America

Estimated Expenditures for Public Schools, 1996-97

Region and state	Total current expenditures for public elementary and secondary day schools: Amount (in 000s)		Per pupil in ADA		Per pupil in ENR	
1	2		3		4	
50 states and D.C.	**266,307,241**		**6,327**		**5,885**	
New England	**15,351,697**		**7,760**		**7,207**	
Connecticut	4,422,108	*	8,855	*	8,376	*
Maine	1,365,444		6,712	*	6,369	*
Massachusetts	6,572,562	*	7,628	*	7,069	*
New Hampshire	1,183,305	*	6,557	*	5,974	*
Rhode Island	1,106,458	*	7,876	*	7,284	*
Vermont	701,820	*	7,561	*	6,503	*
Mideast	**55,303,895**		**8,841**		**8,020**	
Delaware	783,317		7,690		7,086	
Dist. of Columbia	573,026	*	8,167	*	7,175	*
Maryland	5,359,585		7,052		6,547	
New Jersey	11,486,275	*	10,133	*	9,455	*
New York	24,531,980		9,702	*	8,564	*
Pennsylvania	12,569,712	*	7,565	*	6,955	*
Southeast	**56,087,656**		**5,607**		**5,192**	
Alabama	3,367,970	*	4,737	*	4,544	*
Arkansas	1,904,364	*	4,498	*	4,172	*
Florida	12,163,196		6,049		5,429	
Georgia	7,378,518	*	6,030	*	5,585	*
Kentucky	3,570,156	*	6,229	*	5,675	*
Louisiana	3,559,889	*	4,876	*	4,527	*
Mississippi	2,151,260	*	4,581	*	4,269	*
North Carolina	5,826,788	*	5,247	*	4,902	*
South Carolina	3,331,100		5,347		5,172	
Tennessee	4,366,704		5,272		4,898	
Virginia	6,488,660	*	6,370	*	5,920	*
West Virginia	1,979,051		7,036		6,522	
Great Lakes	**43,818,027**		**6,511**		**5,976**	
Illinois	10,699,486	*	6,048	*	5,455	*
Indiana	5,784,322		6,433		5,893	
Michigan	11,206,769	*	7,318	*	6,750	*
Ohio	10,187,318		5,909		5,527	
Wisconsin	5,940,132		7,369		6,701	
Plains	**17,567,888**		**5,848**		**5,402**	
Iowa	2,876,642		6,063		5,705	
Kansas	2,577,884		6,170		5,528	
Minnesota	5,019,164	*	6,401	*	5,877	*
Missouri	4,371,416	*	5,370	*	4,949	*
Nebraska	1,537,667		5,651	*	5,286	*
North Dakota	552,741		4,844		4,667	
South Dakota	632,374		4,957		4,682	
Southwest	**28,248,580**		**5,552**		**5,111**	
Arizona	3,196,656	*	4,387	*	4,048	*
New Mexico	1,638,510	*	5,900	*	5,310	*
Oklahoma	2,600,000		4,526		4,187	
Texas	20,813,414		5,935		5,466	
Rocky Mountains	**7,869,286**		**5,087**		**4,740**	
Colorado	3,465,963	*	5,550	*	5,147	*
Idaho	1,103,627	*	4,735	*	4,500	*
Montana	885,696		5,973		5,381	
Utah	1,834,000		4,086		3,837	
Wyoming	580,000		6,293		5,872	
Far West	**42,060,212**		**5,620**		**5,498**	
Alaska	1,156,241	*	10,393	*	8,813	*
California	29,536,726		5,327		5,336	*
Hawaii	1,078,175		6,211		5,720	
Nevada	1,404,200		5,516	*	4,977	
Oregon	3,215,700		6,590		5,988	
Washington	5,669,170		6,223		5,805	

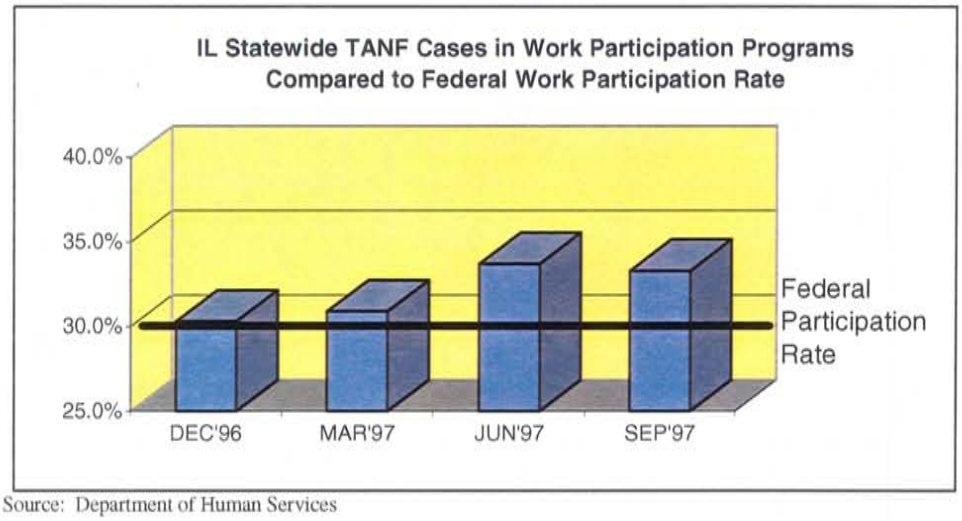
*Data estimated by NEA

Note: California ADA count includes excused absences.

Source: 1996-1997 Estimates of School Statistics

- Performance measurement against a predetermined standard or criteria. One of the fundamental questions associated with performance measurement is, "how much performance is good enough, or conversely, not acceptable"? Sometimes this question is partially answered by a predetermined standard, or benchmark. The performance benchmark may arise from a policy determination (e.g., embodied in statute), a management decision (e.g., program strategic plan), or a third party source (e.g., federal regulations or court determination).

  The following example uses the Federal Participation Rate as a criteria or benchmark to evaluate a particular performance dimension of the state's Temporary Assistance for Needy Families (TANF) caseload over time.



Source: Department of Human Services

- Another critical framework is what economists call cost/benefit, and GASB refers to as efficiency -- the relationship between resources used and results produced. In the most elemental version of this framework, resources used translates into the financial cost to generate particular outcomes. The framework can be employed at different levels of aggregation. For example, program cost -- the cost of all programs intended to control groundwater pollution, or functional cost -- the cost of resurfacing secondary roads, or activity cost -- the cost of an agency's application intake process.

  This framework presents multiple challenges. Not only are valid performance measures required, but matching cost information is also necessary. But government financial systems are typically designed to capture cost data, by fund, by appropriation, by object of expenditure, not by program, function, or activity.

  The following example illustrates unit cost measures over time for road and bridge inputs, they have to be matched with output or result measures in order to be considered SEA.

AVERAGE UNIT COSTS OF COMMON MAJOR BID ITEMS
1992 - 1996

ITEM	UNIT	1992	1993	1994	1995	1996
EARTH EXCAVATION	CuYd	4.42	4.48	4.34	4.49	4.74
BITUMINOUS CONCRETE SURFACE, MIX D, TYPE 2	Ton	29.15	30.78	32.91	34.52	33.42
BITUMINOUS CONCRETE BINDER, CLASS B, TYPE 2	Ton	23.24	26.50	29.23	29.13	30.95
EPOXY COATED REBAR	lb	0.60	0.61	0.67	0.68	0.67
CONCRETE STRUCTURE	CuYd	314.58	374.95	389.82	370.57	375.73
CONCRETE SUPERSTRUCTURE	CuYd	428.44	463.37	516.00	461.81	498.55
CONTINUOUSLY REINFORCED CONCRETE PAVEMENT, 9"	SqYd	24.49	27.04	17.20	33.29	30.00
CONCRETE PATCHING, CLASS B, TYPE 2, 10"	SqYd	75.23	78.47	88.66	100.15	82.84
CONCRETE PATCHING, CLASS B, TYPE 3, 10"	SqYd	58.58	69.88	71.00	58.05	69.12

- Unit costs are a reflection of the average low bidder's costs. These costs vary due to size, quantity and area.
- Concrete structures is for piers, abutments, walls, etc. Concrete superstructure is for decks and parapets. Decks and parapets require more equipment, materials and labor, thus unit costs are higher.
- The 1994 unit cost of $17.20 per square yard for continuously reinforced concrete is due to a high quantity of this item.
- Type 2 patching is an area of 5 square yards or more, but less than 15 square yards. Type 3 patching is an area of 15 square yards or more, but less than 25 square yards. Typically the larger the patch the lower the unit cost.

NOTE: Individual State average unit prices may not be truly representative of long-term price trends because of comparatively low volumes of work for the period reported, or because of unusual projects awarded during the period. Also, differences in bid item specifications among the states might account for some differences in unit prices in the various states. This information should not be compared state to state.

Source: Department of Transportation

- A final consideration worth noting for the readers is what GASB calls "providing a clear frame of reference" and evaluators refer to as "environmental conditions" or "exogenous variables." Perhaps the briefest way to describe this necessary awareness is with a simplistic example. A job placement rate of better than 50% for a worker retraining and referral program is probably positive performance if the unemployment rate is 9%. It is far less impressive if the unemployment rate is 4%. To interpret the performance measure you may also need to know the "environmental factor" -- the unemployment rate.

- In the course of our efforts to compile and present SEA performance measurement data for this experimental effort, we encountered several methodological issues that should be disclosed to the reader, and which merit consideration in the larger GASB discussion of SEA. Among these issues are:

GASB has indicated that it sees its role as providing guidance on the reporting of performance measures. But GASB believes that agreement on the specification and choice of measures, particularly those where inter-jurisdictional comparability might be desirable, should come from the governmental jurisdictions themselves. We have found that even within just the boundaries of the Illinois state government reporting entity it is quite difficult to achieve agreement on measures for similar government activities, or similar performance purposes. This experience causes us to be concerned that broad, interjurisdictional agreement may be even more problematic than expected.

We acknowledge a widely held expectation that SEA reporting should be comprehensive and consistent. These two assumptions suggest that all agencies, or all programs, or all functions on the operating statement

should have associated performance measures (comprehensiveness). The assumptions also suggest there should be similarity of format and content across agency, program, or function presentation (consistency). We have experimented with such an approach in our illustrations in the *Statistical and Economic Data* section of this CAFR.

However, our experience with satisfying these two assumptions suggests they can be very demanding and burdensome to accomplish. In addition, we concluded that complete compliance with the assumptions may very well create such extensive volumes of data as would overwhelm the reader, without necessarily communicating useful accountability information.

As a result, we are inclined to conclude that selective presentation may hold more promise of user value. Perhaps a given year's CAFR and popular report should just focus on selected agency, program, or function grouping. Another alternative would be to focus each year on government activities currently relevant in policy decision making or the public dialog. A final alternative might be to focus on a particular issue or issues, which might cut across the perspective of agencies, programs, or functions.

The most reader useful choice may be a varying mix of the alternatives. However, such an approach would probably be a threat to wide interjurisdictional SEA comparability.

Information timeframes has been a continuing bedevilment. A CAFR and related Popular Report are inherently associated with a given fiscal year. And like all other issuers, we attempt to provide the reports as soon after the close of the fiscal year as possible.

We found that in only some few instances was it possible to access SEA performance measurement information for the CAFR fiscal year. Typically, the most current performance measures deriving from within the reporting entity were at least a year older than the CAFR fiscal year. Comparative performance information sourced from outside the reporting jurisdiction was usually two and three years older than the CAFR fiscal year. We expect this experience would be typical for other issuers.

The problem of the timeframes of the performance data creates an additional SEA issue. We agree that for a variety of SEA objectives, the performance measures must be matched with resource use, typically cost to be most useful. If the performance measures are one or two years old, it can persuasively be argued that the appropriate cost measures should also be one or two years old. The result is that this fiscal year 1997 CAFR includes SEA illustrations where the cost measures are from one or two prior fiscal years in order to match them with the time dimensions of the performance measures.

Acknowledgments

I would like to extend my thanks and appreciation to my financial reporting staff, the Auditor General's Office and all State agencies who submitted timely information during this year's GAAP financial statement process. Your hard work and dedication has resulted in an excellent financial report that we are all proud of. I would like to express my gratitude to each and every one of you for this tremendous cooperative effort.

Sincerely,

Loleta Didrickson
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

Illinois State Government

Legislative Branch

- House of Representatives- 118 Representatives
- Senate 59 Senators
- Auditor General William G. Holland
- Secretary of State George H. Ryan
- Treasurer Judy Baar Topinka
- Lieutenant Governor Bob Kustra

Legislative Support Agencies

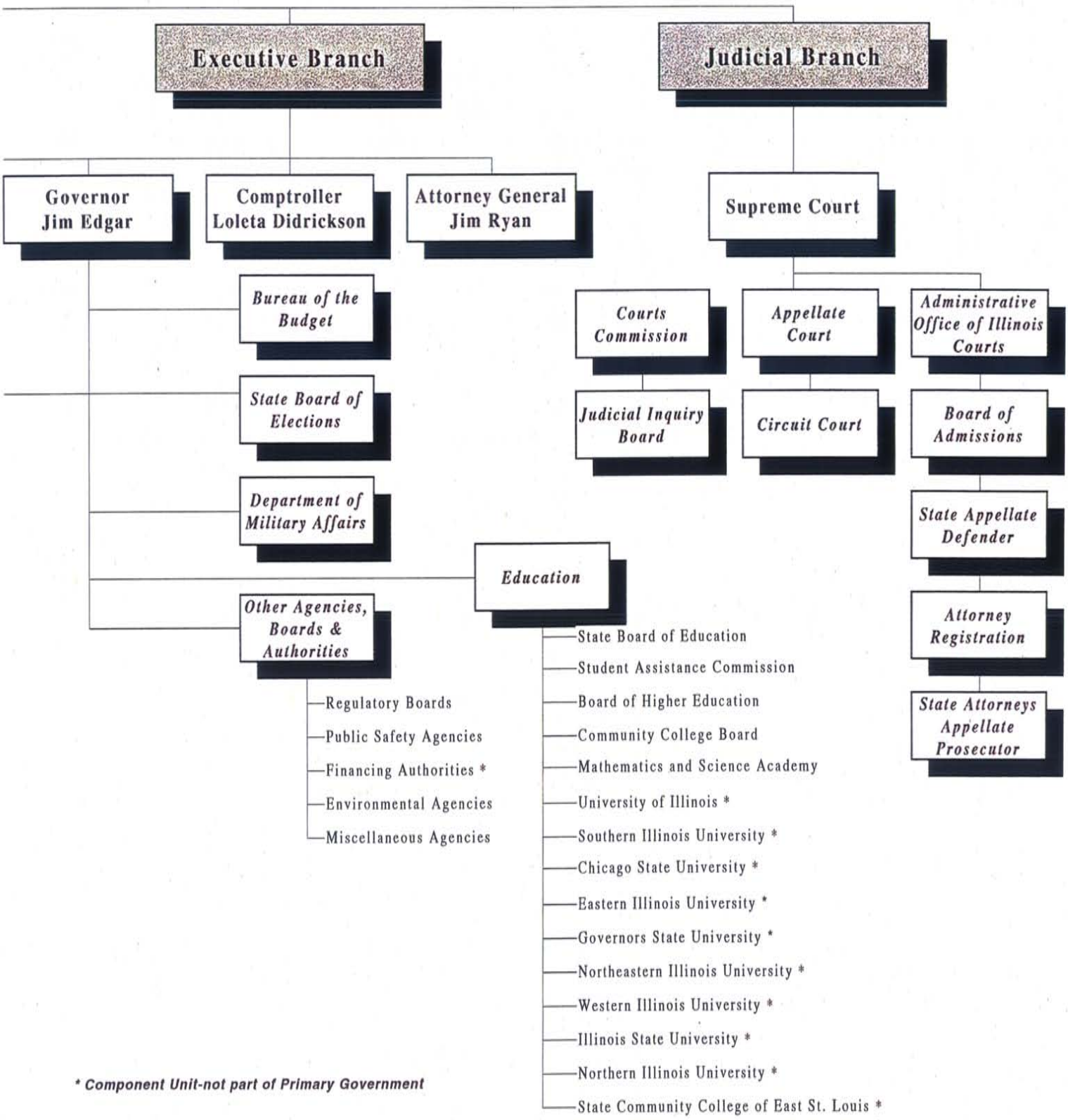
- Joint Committee on Administrative Rules
- Economic and Fiscal Commission
- Commission on Intergovernmental Cooperation
- Legislative Audit Commission
- Legislative Information System
- Legislative Printing Unit
- Legislative Reference Bureau
- Legislative Research Bureau
- Legislative Space Needs Commission
- Citizens Assembly
- Pension Laws Commission

Pension Systems

- General Assembly Retirement System
- Judges' Retirement System
- State Employees' Retirement System
- State Universities Retirement System
- Teachers' Retirement System

Civil Administrative Code Departments

- Aging
- Agriculture
- Alcoholism and Substance Abuse
- Central Management Services
- Children and Family Services
- Commerce and Community Affairs
- Corrections
- Employment Security
- Financial Institutions
- Human Rights
- Insurance
- Labor
- Lottery
- Mental Health and Developmental Disabilities
- Natural Resources
- Nuclear Safety
- Professional Regulation
- Public Aid
- Public Health
- Rehabilitation Services
- Revenue
- State Police
- Transportation
- Veterans' Affairs



** Component Unit-not part of Primary Government*

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STATE OF ILLINOIS
WILLIAM G. HOLLAND
AUDITOR GENERAL

Honorable James "Pate" Philip, President of the Senate
Honorable Michael J. Madigan, Speaker of the House
Members of the General Assembly
Honorable Jim Edgar, Governor
Honorable Loleta Didrickson, Comptroller

We have audited the accompanying general-purpose financial statements of the State of Illinois as of and for the year ended June 30, 1997 as listed in the foregoing Table of Contents for Section II. These general-purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements listed in the foregoing Table of Contents for Section II present fairly, in all material respects, the financial position of the State of Illinois as of June 30, 1997, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 10 to the financial statements, the State of Illinois adopted, in Fiscal Year 1997, Governmental Accounting Standards Board Statement No. 27, Accounting for Pensions by State and Local Governmental Employers.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The required schedule of funding progress for pension trust funds, the combining and individual fund and account group financial statements, and budgetary schedules, listed in the Table of Contents for Section II, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of Illinois. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole. The statistical and economic data and service efforts and accomplishments data listed in the Table of Contents for Section III were not audited by us, and accordingly, we do not express an opinion thereon.

Yours truly,

WILLIAM G. HOLLAND
Auditor General
State of Illinois

Springfield, Illinois
December 31, 1997

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GENERAL PURPOSE FINANCIAL STATEMENTS

General Purpose Financial Statements provide a summary overview of the financial position of all funds and account groups and of the operating results by fund type. They also serve as an introduction of the more detailed statements and schedules that follow.

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

June 30, 1997 (Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS						
Assets:						
Cash and cash equivalents	$ 764,624	$ 2,321,189	$ 524,901	$ 181,596	$ 97,925	$ 91,144
Investments	438,812		87,754	10,579	131,780	
Receivables, net:						
Taxes	775,983	327,410				
Intergovernmental	549,084	1,362,330		2,272	11,826	385
Other	135,928	112,429	2,067	66	37,273	1,274
Due from other funds	210,534	273,304	9		25,289	94,997
Due from component units	40,840	662		8,035		4,141
Due from primary government						
Inventories	26,113	40,900			4,720	11,536
Prepaid expenses					1,218	504
Loans and notes receivable	44,115	47,094	25,500		746,396	
Restricted assets ($175,934 cash equivalents)					299,731	108
Property, plant and equipment, net					4,112	49,710
Other assets	11,515	162,156			2	
Other debits:						
Amount available in debt service funds for:						
Retirement of general obligation bonds						
Retirement of special obligation bonds						
Retirement of other obligations						
Amount to be provided for:						
Retirement of general obligation bonds						
Retirement of special obligation bonds						
Retirement of other obligations						
Pension liabilities						
Total assets and other debits	$ 2,997,548	$ 4,647,474	$ 640,231	$ 202,548	$ 1,360,272	$ 253,799
LIABILITIES, EQUITY and OTHER CREDITS						
Liabilities:						
Accounts payable and accrued liabilities	$ 1,816,394	$ 415,761	$ 18	$ 47,096	$ 51,773	$ 97,019
Intergovernmental payables	909,634	996,375		12,774	5	41
Due to other funds	286,998	257,387	7	325	5,180	2,231
Due to component units	195,088	13,665	884	1,166		13
Due to primary government						
Deferred revenues	240,891	279,873		6,286	10,798	
Liabilities payable from restricted assets						
Depository and other liabilities		1,446	281	196	19,585	24,270
Notes payable					95,954	
Accrued retirement costs						
General obligation bonds payable						
Special obligation bonds payable						
Revenue bonds payable					950,993	
Other obligations					65,636	8,926
Total liabilities	3,449,005	1,964,507	1,190	67,843	1,199,924	132,500
Equity and other credits:						
Contributed capital						19,123
Investment in fixed assets						
Retained earnings:						
Reserved					107,362	
Unreserved					52,986	102,176
Fund balances (deficits):						
Reserved for:						
Encumbrances	84,681	1,552,538		209,204		
Unemployment compensation benefits						
Employees' pension benefits						
Other	68,047	899,358	25,500			
Unreserved:						
Designated			613,541			
Undesignated	(604,185)	231,071		(74,499)		
Total equity (deficit) and other credits	(451,457)	2,682,967	639,041	134,705	160,348	121,299
Total liabilities, equity and other credits	$ 2,997,548	$ 4,647,474	$ 640,231	$ 202,548	$ 1,360,272	$ 253,799

The accompanying notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Units	Reporting Entity
$ 4,810,948			$ 8,792,327	$ 673,423	$ 9,465,750
36,271,518			36,940,443	1,912,757	38,853,200
324,119			1,427,512		1,427,512
14,268			1,940,165	71,479	2,011,644
1,255,662			1,544,699	127,939	1,672,638
31,343			635,476	41,329	676,805
1,363			55,041		55,041
				210,869	210,869
			83,269	52,583	135,852
			1,722	38,690	40,412
			863,105	1,734,797	2,597,902
			299,839	392,063	691,902
20,738	$ 4,833,871		4,908,431	7,175,491	12,083,922
963,254			1,136,927	94,522	1,231,449
		$ 412,700	412,700		412,700
		192,929	192,929		192,929
		7,912	7,912		7,912
		5,241,697	5,241,697		5,241,697
		1,692,238	1,692,238		1,692,238
		1,613,874	1,613,874		1,613,874
		10,556,544	10,556,544		10,556,544
$ 43,693,213	$ 4,833,871	$ 19,717,894	$ 78,346,850	$ 12,525,942	$ 90,872,792
$ 1,006,561			$ 3,434,622	$ 695,425	$ 4,130,047
2,402,499			4,321,328	2,480	4,323,808
83,348			635,476	41,329	676,805
53			210,869		210,869
				55,041	55,041
2,241			540,089	79,636	619,725
				26,222	26,222
5,972,396			6,018,174	178,144	6,196,318
			95,954	6,145	102,099
		$ 10,556,544	10,556,544		10,556,544
		5,654,397	5,654,397		5,654,397
		1,885,167	1,885,167		1,885,167
16,144			967,137	3,720,839	4,687,976
		1,621,786	1,696,348	141,284	1,837,632
9,483,242		19,717,894	36,016,105	4,946,545	40,962,650
			19,123	33,530	52,653
	$ 4,833,871		4,833,871	4,709,051	9,542,922
			107,362	342,972	450,334
			155,162	1,272,153	1,427,315
4,637			1,851,060	71,719	1,922,779
2,000,531			2,000,531		2,000,531
32,188,796			32,188,796		32,188,796
1,390			994,295	1,197,435	2,191,730
			613,541	9,964	623,505
14,617			(432,996)	(57,427)	(490,423)
34,209,971	4,833,871		42,330,745	7,579,397	49,910,142
$ 43,693,213	$ 4,833,871	$ 19,717,894	$ 78,346,850	$ 12,525,942	$ 90,872,792

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Primary Government
REVENUES						
Income taxes	$ 7,266,863	$ 664,784				$ 7,931,647
Sales taxes	4,963,996	1,859,161				6,823,157
Motor fuel taxes		1,231,754				1,231,754
Public utility taxes	869,960	222,721				1,092,681
Other taxes	1,232,872	431,705			$ 1,190,073	2,854,650
Federal government	4,422,256	4,461,731	$ 380	$ 2,240	23,072	8,909,679
Licenses and fees	91,652	986,128	221			1,078,001
Interest and other investment income	151,096	65,637	28,199	3,446	111,026	359,404
Other	771,164	582,505	1,578	16,331	23,917	1,395,495
Total revenues	19,769,859	10,506,126	30,378	22,017	1,348,088	31,676,468
EXPENDITURES						
Current:						
Health and social services	8,167,182	1,122,217			438	9,289,837
Education	4,870,564	1,209,115		52,095		6,131,774
General government	998,826	3,946,640	110	18,794	22,481	4,986,851
Social assistance	1,374,649	1,256,525			1,242,213	3,873,387
Transportation	33,817	2,548,923		114,780		2,697,520
Public protection and justice	1,267,067	345,848			430	1,613,345
Natural resources and recreation	98,186	265,426		54,778	177	418,567
Debt service:						
Principal	16,285	4,169	480,845			501,299
Interest	59,526	16,301	366,751			442,578
Capital outlays	94,446	84,240		195,771	246	374,703
Total expenditures	16,980,548	10,799,404	847,706	436,218	1,265,985	30,329,861
Excess (deficiency) of revenues over (under) expenditures	2,789,311	(293,278)	(817,328)	(414,201)	82,103	1,346,607
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from notes and general/special obligation bond issues				406,473		406,473
Proceeds from general/special obligation bond refunding issues			84,803			84,803
Operating transfers-in	1,058,954	2,468,421	927,016	4,393	1,670	4,460,454
Operating transfers from component units	4	773				777
Operating transfers-out	(2,056,038)	(1,796,196)	(409)	(9,926)	(13,911)	(3,876,480)
Operating transfers to component units	(1,307,206)	(46,959)		(68,867)		(1,423,032)
Operating transfers to primary government						
Capital lease financing	14,833	4,416				19,249
Payment to refunded bond escrow agent			(84,803)			(84,803)
Net other sources (uses) of financial resources	(2,289,453)	630,455	926,607	332,073	(12,241)	(412,559)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	499,858	337,177	109,279	(82,128)	69,862	934,048
Fund balances (deficit), July 1, 1996	(951,315)	2,345,790	529,762	216,833	1,947,903	4,088,973
FUND BALANCES (DEFICIT), JUNE 30, 1997	$ (451,457)	$ 2,682,967	$ 639,041	$ 134,705	$ 2,017,765	$ 5,023,021

The accompanying notes to the financial statements are an integral part of this statement.

Component Units	Total (Memorandum Only) Reporting Entity
	$ 7,931,647
	6,823,157
	1,231,754
	1,092,681
$ 19,585	2,874,235
10,892	8,920,571
1,108	1,079,109
1,647	361,051
6,607	1,402,102
39,839	31,716,307
1,280	9,291,117
268	6,132,042
13,411	5,000,262
	3,873,387
	2,697,520
	1,613,345
647	419,214
	501,299
	442,578
5	374,708
15,611	30,345,472
24,228	1,370,835
	406,473
	84,803
	4,460,454
	777
(7,383)	(3,883,863)
	(1,423,032)
(8)	(8)
	19,249
	(84,803)
(7,391)	(419,950)
16,837	950,885
127,089	4,216,062
$ 143,926	$ 5,166,947

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) All Budgeted Fund Groups (See Note 2)

For the Year Ended June 30, 1997 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES						
Income taxes	$ 6,897,000	$ 7,223,752	$ 326,752			
Sales taxes	5,020,000	4,991,844	(28,156)			
Motor fuel taxes				$ 1,166,676	$ 1,172,368	$ 5,692
Public utility taxes	795,000	872,439	77,439			
Federal government	3,199,000	3,206,998	7,998	747,443	630,430	(117,013)
Other	1,222,000	1,413,236	191,236	786,694	829,245	42,551
Less:						
Refunds	12,526	9,517	(3,009)	21,403	12,235	(9,168)
Total revenues	17,120,474	17,698,752	578,278	2,679,410	2,619,808	(59,602)
EXPENDITURES						
Current:						
Health and social services	6,887,904	6,703,477	(184,427)			
Education	6,061,168	6,047,809	(13,359)			
General government	1,113,562	1,078,543	(35,019)	259,467	242,457	(17,010)
Transportation	100,287	75,283	(25,004)	3,998,399	2,180,846	(1,817,553)
Social assistance	1,511,465	1,415,589	(95,876)	1,440	1,440	-- --
Public protection and justice	1,293,306	1,275,492	(17,814)	52,733	52,732	(1)
Natural resources and recreation	134,859	125,919	(8,940)			
Debt service:						
Principal						
Interest						
Capital outlays	174,385	119,195	(55,190)	33,727	32,536	(1,191)
Total expenditures	17,276,936	16,841,307	(435,629)	4,345,766	2,510,011	(1,835,755)
Excess (deficiency) of revenues over (under) expenditures	(156,462)	857,445	1,013,907	(1,666,356)	109,797	1,776,153
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from general and special obligation bond issues						
Operating transfers-in	2,864,000	2,735,690	(128,310)	1,247,213	1,279,326	32,113
Operating transfers-out	(3,225,000)	(3,256,039)	(31,039)	(1,392,412)	(1,422,334)	(29,922)
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(517,462)	337,096	854,558	(1,811,555)	(33,211)	1,778,344
Budgetary fund balances (deficits), July 1, 1996, as previously reported	(292,380)	(292,380)	-- --	578,141	578,141	-- --
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 1996, as reclassified	(292,380)	(292,380)	-- --	578,141	578,141	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (809,842)	$ 44,716	$ 854,558	$ (1,233,414)	$ 544,930	$ 1,778,344

The accompanying notes to the financial statements are an integral part of this statement.

University Funds			Special State Funds			Bond Financed Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 1,534,729	$ 1,534,729	$ --			
			483,165	501,038	17,873			
			63,488	59,901	(3,587)			
			219,100	220,417	1,317			
$ --	$ 28	$ 28	1,397,104	1,474,215	77,111			
43,927	43,980	53	3,654,808	3,561,650	(93,158)			
2	1	(1)	844,759	829,799	(14,960)			
43,925	44,007	82	6,507,635	6,522,151	14,516			
			2,499,700	2,201,143	(298,557)			
436,238	44,706	(391,532)	175,826	139,146	(36,680)	$ 116,312	$ 31,264	$ (85,048)
			3,678,897	3,364,375	(314,522)	101,931	28,701	(73,230)
			247,377	208,229	(39,148)	340,311	122,394	(217,917)
657	1	(656)	300	14	(286)			
			213,049	184,140	(28,909)			
			684,474	329,112	(355,362)	283,888	64,848	(219,040)
39,164	102	(39,062)	43,622	37,255	(6,367)	921,455	227,614	(693,841)
476,059	44,809	(431,250)	7,543,245	6,463,414	(1,079,831)	1,763,897	474,821	(1,289,076)
(432,134)	(802)	431,332	(1,035,610)	58,737	1,094,347	(1,763,897)	(474,821)	1,289,076
						500,000	406,473	(93,527)
--	80	80	1,375,025	1,352,832	(22,193)	--	25,000	25,000
(500)	(519)	(19)	(1,548,249)	(1,459,919)	88,330	--	(25,000)	(25,000)
			(99,726)	(99,726)	--			
(432,634)	(1,241)	431,393	(1,308,560)	(148,076)	1,160,484	(1,263,897)	(68,348)	1,195,549
1,386	1,386	--	560,332	560,332	--	196,882	196,882	--
1,386	1,386	--	560,332	560,332	--	196,882	196,882	--
$ (431,248)	$ 145	$ 431,393	$ (748,228)	$ 412,256	$ 1,160,484	$ (1,067,015)	$ 128,534	$ 1,195,549

(continued)

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) All Budgeted Fund Groups (See Note 2)

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Debt Service Funds			Federal Trust Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	$ 300	$ 354	$ 54	$ 2,299,951	$ 2,079,884	$ (220,067)
Other	16,202	18,997	2,795	93,499	160,120	66,621
Less:						
Refunds				2,793	477	(2,316)
Total revenues	16,502	19,351	2,849	2,390,657	2,239,527	(151,130)
EXPENDITURES						
Current:						
Health and social services				672,869	546,287	(126,582)
Education				1,048,780	871,564	(177,216)
General government				612,938	286,750	(326,188)
Transportation				571,086	166,393	(404,693)
Social assistance				368,147	184,503	(183,644)
Public protection and justice				232,771	88,488	(144,283)
Natural resources and recreation				78,846	32,544	(46,302)
Debt service:						
Principal	721,697	718,898	(2,799)			
Interest	258,575	255,578	(2,997)			
Capital outlays				20,481	14,116	(6,365)
Total expenditures	980,272	974,476	(5,796)	3,605,918	2,190,645	(1,415,273)
Excess (deficiency) of revenues over (under) expenditures	(963,770)	(955,125)	8,645	(1,215,261)	48,882	1,264,143
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from general and special obligation bond issues	84,800	84,803	3			
Operating transfers-in	895,197	916,985	21,788	44,816	45,572	756
Operating transfers-out	(3,500)	-- --	3,500	(8,495)	(9,250)	(755)
Budgetary funds-nonbudgeted accounts				(33,588)	(33,588)	-- --
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	12,727	46,663	33,936	(1,212,528)	51,616	1,264,144
Budgetary fund balances (deficits), July 1, 1996, as previously reported	376,290	376,290	-- --	(134,249)	(134,249)	-- --
Reclassifications between budgetary/nonbudgetary funds-net				215	215	-- --
Budgetary fund balances (deficits), July 1, 1996, as reclassified	376,290	376,290	-- --	(134,034)	(134,034)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 389,017	$ 422,953	$ 33,936	$ (1,346,562)	$ (82,418)	$ 1,264,144

Revolving Funds			State Trust Funds			Total (Memorandum Only)		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						$ 8,431,729	$ 8,758,481	$ 326,752
			$ 306,921	$ 306,921	$ --	5,810,086	5,799,803	(10,283)
			23,230	23,230	--	1,253,394	1,255,499	2,105
						1,014,100	1,092,856	78,756
			267,606	207,784	(59,822)	7,911,404	7,599,693	(311,711)
$ 242,681	$ 255,678	$ 12,997	548,722	561,647	12,925	6,608,533	6,844,553	236,020
11	7	(4)				881,494	852,036	(29,458)
242,670	255,671	13,001	1,146,479	1,099,582	(46,897)	30,147,752	30,498,849	351,097
			6,999	2,503	(4,496)	10,067,472	9,453,410	(614,062)
5,793	2,594	(3,199)	206,916	174,787	(32,129)	8,051,033	7,311,870	(739,163)
214,936	172,247	(42,689)	168,429	115,159	(53,270)	6,150,160	5,288,232	(861,928)
700	569	(131)				5,258,160	2,753,714	(2,504,446)
			118,171	91,491	(26,680)	2,000,180	1,693,038	(307,142)
45,945	38,651	(7,294)	2,911	1,020	(1,891)	1,840,715	1,640,523	(200,192)
			7,908	4,530	(3,378)	1,189,975	556,953	(633,022)
						721,697	718,898	(2,799)
						258,575	255,578	(2,997)
16,876	14,632	(2,244)	1,115	746	(369)	1,250,825	446,196	(804,629)
284,250	228,693	(55,557)	512,449	390,236	(122,213)	36,788,792	30,118,412	(6,670,380)
(41,580)	26,978	68,558	634,030	709,346	75,316	(6,641,040)	380,437	7,021,477
						584,800	491,276	(93,524)
--	103	103				6,426,251	6,355,588	(70,663)
--	(382)	(382)	(72,894)	(72,970)	(76)	(6,251,050)	(6,246,413)	4,637
			(647,867)	(647,867)	--	(781,181)	(781,181)	--
(41,580)	26,699	68,279	(86,731)	(11,491)	75,240	(6,662,220)	199,707	6,861,927
6,874	6,874	--	82,315	82,315	--	1,375,591	1,375,591	--
			43,462	43,462	--	43,677	43,677	--
6,874	6,874	--	125,777	125,777	--	1,419,268	1,419,268	--
$ (34,706)	$ 33,573	$ 68,279	$ 39,046	$ 114,286	$ 75,240	$ (5,242,952)	$ 1,618,975	$ 6,861,927

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Proprietary Fund Type		Fiduciary Fund Type	Total (Memorandum Only)		Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Primary Government	Component Units	Reporting Entity
OPERATING REVENUES						
Charges for sales and services	$ 1,796,054	$ 870,256	$ 18	$ 2,666,328	$ 346,899	$ 3,013,227
Interest and other investment income	76,870	72	182	77,124	121,522	198,646
Other	16,229	454	7	16,690	162,683	179,373
Total operating revenues	1,889,153	870,782	207	2,760,142	631,104	3,391,246
OPERATING EXPENSES						
Costs of sales and services	160,461	165,551		326,012	52,274	378,286
Benefit payments and refunds	120,362	436,224		556,586	33,840	590,426
Prizes and claims	827,414			827,414		827,414
Interest	51,995	825		52,820	58,159	110,979
General and administrative	111,881	28,385	21	140,287	257,070	397,357
Depreciation	1,492	17,130		18,622	128,190	146,812
Other	13,022	14,537	51	27,610	848	28,458
Total operating expenses	1,286,627	662,652	72	1,949,351	530,381	2,479,732
Operating income	602,526	208,130	135	810,791	100,723	911,514
NONOPERATING REVENUES (EXPENSES)						
Investment income	3,800	2,778		6,578	75,442	82,020
Interest expense	(2,406)	(443)		(2,849)	(141,831)	(144,680)
Other revenues	420	4,617		5,037	496	5,533
Other expenses	(428)	(1,860)		(2,288)	(785)	(3,073)
Income before operating transfers	603,912	213,222	135	817,269	34,045	851,314
Operating transfers-in	13	558		571	7,486	8,057
Operating transfers from primary government					17,597	17,597
Operating transfers-out	(584,263)	(227)	(55)	(584,545)	(103)	(584,648)
Operating transfers to component units		(178,534)		(178,534)		(178,534)
Operating transfers to primary government					(194)	(194)
Net income	19,662	35,019	80	54,761	58,831	113,592
Retained earnings/fund balances, July 1, 1996	140,686	67,157	3,330	211,173	1,556,294	1,767,467
RETAINED EARNINGS/FUND BALANCES, JUNE 30, 1997	$ 160,348	$ 102,176	$ 3,410	$ 265,934	$ 1,615,125	$ 1,881,059

The accompanying notes to the financial statements are an integral part of this statement.

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Proprietary Fund Type		Fiduciary Fund Type	Total (Memorandum Only)		Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Primary Government	Component Units	Reporting Entity
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from sales and services	$ 1,793,654	$ 920,599	$ 18	$ 2,714,271	$ 571,361	$ 3,285,632
Cash payments to suppliers for goods and services	(286,641)	(639,791)		(926,432)	(93,731)	(1,020,163)
Cash payments to employees for services	(109,926)	(53,979)		(163,905)	(96,818)	(260,723)
Cash payments for lottery prizes	(813,584)			(813,584)		(813,584)
Cash receipts from other operating activities	159,629	122	25	159,776	1,779,369	1,939,145
Cash payments for other operating activities	(194,764)	(891)	(73)	(195,728)	(2,002,468)	(2,198,196)
Net cash provided (used) by operating activities	548,368	226,060	(30)	774,398	157,713	932,111
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from borrowing	167,211			167,211	214,080	381,291
Principal paid on borrowing	(68,600)			(68,600)	(196,197)	(264,797)
Interest paid on borrowing	(1,985)			(1,985)	(132,571)	(134,556)
Operating grants received					39	39
Operating transfers-in from other funds	2	558		560	7,486	8,046
Operating transfers from primary government					17,597	17,597
Operating transfers-out to other funds	(583,966)	(151)	(55)	(584,172)	(103)	(584,275)
Operating transfers to component units		(178,534)		(178,534)		(178,534)
Operating transfers to primary government					(194)	(194)
Other noncapital financing activities	146	53		199	(2,173)	(1,974)
Net cash used in noncapital financing activities	(487,192)	(178,074)	(55)	(665,321)	(92,036)	(757,357)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of revenue bonds					148,285	148,285
Acquisition and construction of capital assets	(1,179)	(12,734)		(13,913)	(140,023)	(153,936)
Principal paid on bond maturities and equipment contracts	(7,570)	(16,928)		(24,498)	(174,826)	(199,324)
Interest paid on bond maturities and equipment contracts		(443)		(443)	(54,568)	(55,011)
Proceeds from sale of equipment					2,975	2,975
Other capital and related financing activities					29,329	29,329
Net cash used in capital and related financing activities	(8,749)	(30,105)		(38,854)	(188,828)	(227,682)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(322,505)		(13)	(322,518)	(1,844,884)	(2,167,402)
Proceeds from sale and maturities of investment securities	314,898		10	314,908	1,884,654	2,199,562
Interest and dividends on investments	3,594	2,773	166	6,533	74,324	80,857
Net cash provided (used) by investing activities	(4,013)	2,773	163	(1,077)	114,094	113,017
Net increase (decrease) in cash and cash equivalents	48,414	20,654	78	69,146	(9,057)	60,089
Cash and cash equivalents, July 1, 1996	186,391	70,490	2,178	259,059	442,447	701,506
Cash and cash equivalents, June 30, 1997	$ 234,805	$ 91,144	$ 2,256	$ 328,205	$ 433,390	$ 761,595
Reconciliation of cash and cash equivalents to the balance sheet:						
Total cash and cash equivalents per the balance sheet	$ 97,925	$ 91,144	$ 4,810,948	5,000,017	$ 673,423	$ 5,673,440
Add: restricted cash equivalents	136,880			136,880	39,054	175,934
Less: expendable trust, pension, and non-proprietary component units			(4,808,692)	(4,808,692)	(279,087)	(5,087,779)
Cash and cash equivalents, June 30, 1997	$ 234,805	$ 91,144	$ 2,256	$ 328,205	$ 433,390	$ 761,595
Reconciliation of operating income to net cash provided (used) by operating activities:						
OPERATING INCOME	$ 602,526	$ 208,130	$ 135	$ 810,791	$ 100,723	$ 911,514
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	1,492	17,130		18,622	128,190	146,812
Provision for uncollectible accounts	(40)	1,187		1,147	499	1,646
(Increase) decrease in accounts receivable	(43,973)	894		(43,079)	(83,524)	(126,603)
(Increase) decrease in due from other funds	(8,939)	48,490		39,551	(430)	39,121
(Increase) decrease in due from component units		1,142		1,142		1,142
(Increase) decrease in due from primary government					4,094	4,094
(Increase) decrease in inventories	1,876	1,001		2,877	404	3,281
(Increase) decrease in prepaid expenses	(684)	(73)		(757)	(1,763)	(2,520)
Increase (decrease) in accounts payable and accrued liabilities	(4,144)	(56,695)	(1)	(60,840)	7,050	(53,790)
Increase (decrease) in intergovernmental payables	1	(63)		(62)	(100)	(162)
Increase (decrease) in due to other funds	7	(718)		(711)	111	(600)
Increase (decrease) in due to component units		(2)		(2)		(2)
Increase (decrease) in due to primary government					56	56
Increase (decrease) in deferred revenues	544		3	547	(1,124)	(577)
Increase (decrease) in other liabilities	(299)	5,634		5,335	7,792	13,127
Increase (decrease) in liabilities payable from restricted assets					(4,350)	(4,350)
Other	1	3	(167)	(163)	85	(78)
Total adjustments	(54,158)	17,930	(165)	(36,393)	56,990	20,597
Net cash provided (used) by operating activities	$ 548,368	$ 226,060	$ (30)	$ 774,398	$ 157,713	$ 932,111
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Capital leases (initial year):						
Fair market value	$ --	$ 956	$ --	$ 956	$ --	$ 956
Transfers from General Fixed Assets:						
Fair market value	$ --	$ 219	$ --	$ 219	$ --	$ 219

The accompanying notes to the financial statements are an integral part of this statement.

Pension Trust Fund Trial Balance
Statement of Changes in Plan Net Assets

For the Year Ended June 30, 1997 (Expressed in Thousands)

	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	State Universities Retirement System
ADDITIONS					
Contributions:					
Employer	$ 2,787	$ 13,751	$ 158,180	$ 395,348	$ 182,041
Plan members	1,254	10,497	145,683	416,739	202,181
Other	32	32		25,831	
Total contributions	4,073	24,280	303,863	837,918	384,222
Interest and other investment income	2,235	12,167	230,435	859,323	277,038
Net appreciation (depreciation) of investments	6,912	38,352	735,594	1,929,166	1,226,039
Investment expense	(126)	(700)	(13,418)	(143,862)	(13,047)
Total investment income	9,021	49,819	952,611	2,644,627	1,490,030
Total additions	13,094	74,099	1,256,474	3,482,545	1,874,252
DEDUCTIONS					
Benefit payments and refunds	7,575	36,321	381,391	1,182,643	449,050
Interest					1,125
General and administrative	212	312	5,515	9,791	5,900
Depreciation	2	4	221	530	1,646
Other				400	
Total deductions	7,789	36,637	387,127	1,193,364	457,721
Net additions	5,305	37,462	869,347	2,289,181	1,416,531
Fund balances reserved for employees' pension benefits, July 1, 1996	42,625	232,433	4,396,969	13,829,711	5,082,891
Restatement of fund balances	8,780	44,666	781,711	1,274,216	1,876,925
Fund balances reserved for employees' pension benefits, July 1, 1996, as restated	51,405	277,099	5,178,680	15,103,927	6,959,816
FUND BALANCES RESERVED FOR EMPLOYEES' PENSION BENEFITS, JUNE 30, 1997	$ 56,710	$ 314,561	$ 6,048,027	$ 17,393,108	$ 8,376,347

State Board of Investment	Eliminations	Total
		$ 752,107
		776,354
		25,895
		1,554,356
$ 622,162	$ (622,162)	1,381,198
399,804	(399,804)	3,936,063
(14,245)	14,254	(171,144)
1,007,721	(1,007,712)	5,146,117
1,007,721	(1,007,712)	6,700,473
116,400	(116,400)	2,056,980
		1,125
		21,730
6	(6)	2,403
		400
116,406	(116,406)	2,082,638
891,315	(891,306)	4,617,835
4,601,679	(4,601,645)	23,584,663
835,157	(835,157)	3,986,298
5,436,836	(5,436,802)	27,570,961
$ 6,328,151	$ (6,328,108)	$ 32,188,796

Combining Statement of Changes in Fund Balances - University and College Component Units

For the Year Ended June 30, 1997 (Expressed In Thousands)

	Component Unit					
	Chicago State University	Eastern Illinois University	Western Illinois University	Illinois State University	Northern Illinois University	Southern Illinois University
REVENUES AND OTHER ADDITIONS						
Unrestricted current fund revenues	$ 22,702	$ 60,613	$ 69,084	$ 116,689	$ 134,725	$ 215,930
Federal and local grants and contracts-restricted	14,454	5,175	8,343	9,812	12,667	40,504
State grants and contracts-restricted	1,983	1,559	735	6,069	3,156	7,852
Other state sources		251		2,608		
Private gifts, grants and contracts-restricted	282	3,263	3,661	5,213	6,954	22,061
Investment income	29	778	587	1,412	2,147	3,130
Realized gain (loss) on investments-restricted (net)		573		11		1,244
Interest and fees on loans receivable	19	110	39	223	177	326
Expended for plant facilities:						
Current funds		5,109	4,545	3,359	7,875	18,993
Plant funds	4	1,358	5,829	4,683	13,410	22,497
Other					32,997	838
Retirement of long-term obligations	355	5,808		3,670	1,935	2,159
Other	126	13,658	2,878	6,116	4,422	44,265
Total revenues and other additions	39,954	98,255	95,701	159,865	220,465	379,799
EXPENDITURES AND OTHER DEDUCTIONS						
Educational and general expenditures	68,401	92,750	113,446	184,393	216,520	465,089
Auxiliary enterprises expenditures	3,572	20,197	24,593	34,598	46,445	47,262
Hospital expenditures						
Independent operations expenditures						
Foundation expenditures	694	1,289	2,465	4,014	4,385	12,189
Indirect costs recovered	608	291	544	851	1,527	4,490
Refunds of grants and adjustments to grants						421
Loan cancellations and write-offs	18	61	42	113	66	40
Change in allowance for uncollectible notes			(31)	(37)	(200)	98
Administrative and collection costs		27	50	36	227	237
Expended for plant facilities (including noncapitalized expenditures of $30,914)		2,599	7,588	4,852	11,338	29,246
Retirement of long-term obligations	1,756	6,648	3,360	4,789	7,765	4,867
Disposal of plant facilities	183	2,896	1,127	986		4,657
Other	982	17,053	977	5,134	42,148	42,688
Total expenditures and other deductions	76,214	143,811	154,161	239,729	330,221	611,284
TRANSFERS-ADDITIONS(DEDUCTIONS)						
Nonmandatory:						
Operating transfers-in	10	105				426
Operating transfers from primary government	39,817	60,241	68,779	107,129	123,168	264,054
Operating transfers-out			(27)	(28)	(9)	
Operating transfers to primary government	(33)	(31)	(22)	(41)	(48)	(126)
Other			13			(881)
Total transfers	39,794	60,315	68,743	107,060	123,111	263,473
Net increase (decrease)	3,534	14,759	10,283	27,196	13,355	31,988
Fund balances, July 1, 1996	73,115	137,982	199,911	358,238	393,814	790,320
FUND BALANCES, JUNE 30, 1997	$ 76,649	$ 152,741	$ 210,194	$ 385,434	407,169	$ 822,308

The accompanying notes to the financial statements are an integral part of this statement.

Component Unit (continued)		
University of Illinois	Non-Major Component Units	Total
$ 930,569	$ 42,975	$ 1,593,287
311,847	16,706	419,508
29,862	56	51,272
	249	3,108
223,010	1,473	265,917
29,953	230	38,266
35,018		36,846
1,469	52	2,415
110,539	3,987	154,407
50,535	114	98,430
1,814	1,550	37,199
23,086	344	37,357
178,688	397	250,550
1,926,390	68,133	2,988,562
1,752,539	123,504	3,016,642
152,997	3,063	332,727
248,817		248,817
5,956		5,956
22,647	1,809	49,492
71,734	394	80,439
1,133		1,554
286	61	687
(40)	58	(152)
1,139	215	1,931
70,745	1,442	127,810
40,962	256	70,403
41,842	5,119	56,810
139,632	12,486	261,100
2,550,389	148,407	4,254,216
		541
846,830	73,951	1,583,969
(477)		(541)
(162)	(112)	(575)
	11	(857)
846,191	73,850	1,582,537
222,192	(6,424)	316,883
3,337,374	171,307	5,462,061
$ 3,559,566	$ 164,883	$ 5,778,944

Combining Statement of University and College Current Funds - Revenues, Expenditures and Other Changes University and College Component Units

For the Year Ended June 30, 1997 (Expressed In Thousands)

	Unrestricted					
	Chicago State University	Eastern Illinois University	Western Illinois University	Illinois State University	Northern Illinois University	Southern Illinois University
REVENUES						
Tuition and fees	$ 17,366	$ 33,313	$ 27,948	$ 59,977	$ 60,454	$ 89,393
Federal and local grants and contracts	826	108		687	1,475	2,582
State grants and contracts		230		824	293	303
Private gifts, grants and contracts	480	219	63	66	3,003	1,357
Investment income	7	1,038	1,516	724	771	3,918
Sales and services	3,595	24,198	35,727	47,666	64,703	113,722
Other	428	1,507	3,830	6,745	4,026	4,655
Total revenues	22,702	60,613	69,084	116,689	134,725	215,930
EXPENDITURES AND MANDATORY TRANSFERS						
Educational and general:						
Instruction	29,418	42,370	39,056	58,015	87,032	163,878
Research	42	296	796	3,081	3,550	9,932
Public service	379	1,951	1,244	6,231	4,968	15,079
Academic support	4,096	8,493	22,379	12,777	23,090	69,712
Student services	3,568	9,950	10,886	21,697	9,764	35,244
Institutional support	9,064	8,624	14,919	38,837	44,572	60,362
Operation and maintenance of plant	6,201	8,393	9,868	16,350	16,042	41,806
Scholarships and fellowships	1,205	3,156	2,707	7,349	10,946	5,759
Total educational and general	53,973	83,233	101,855	164,337	199,964	401,772
Auxiliary enterprises	3,572	20,197	24,593	34,389	46,431	46,600
Hospitals						
Independent operations						
Total expenditures	57,545	103,430	126,448	198,726	246,395	448,372
Mandatory transfers:						
Retirement of long-term obligations		5,835	2,761	4,046	5,312	3,865
Student loan matching grants		329	15	2	21	113
Renewals and replacements			998	4,446	2,401	57
Other	1,617		167			
Total mandatory transfers	1,617	6,164	3,941	8,494	7,734	4,035
Total expenditures and mandatory transfers	59,162	109,594	130,389	207,220	254,129	452,407
OPERATING TRANSFERS AND ADDITIONS (DEDUCTIONS)						
Operating transfers-in						
Operating transfers from primary government	37,891	51,366	62,746	92,752	118,273	239,445
Operating transfers-out						
Operating transfers to primary government	(33)	(31)	(22)	(41)	(48)	(126)
Other transfers	23	(1,167)	(1,497)	180	(1,014)	(4,092)
Excess (deficiency) of restricted receipts over (under) transfers to revenue						
Other additions (deductions)		(15)		(615)	3,576	80
Total operating transfers and additions (deductions)	37,881	50,153	61,227	92,276	120,787	235,307
TOTAL INCREASES (DECREASES) IN FUND BALANCES	$ 1,421	$ 1,172	$ (78)	$ 1,745	$ 1,383	$ (1,170)

The accompanying notes to the financial statements are an integral part of this statement.

Unrestricted (continued)		
University of Illinois	Non-Major Component Units	Total
$ 277,050	$ 24,337	$ 589,838
62,511	412	68,601
2,742	1	4,393
8,282	325	13,795
1,663	371	10,008
548,902	4,015	842,528
29,419	13,514	64,124
930,569	42,975	1,593,287
385,236	40,563	845,568
85,298	37	103,032
110,045	1,507	141,404
122,589	6,869	270,005
51,717	6,722	149,548
127,671	36,679	340,728
131,895	11,287	241,842
94,678	1,838	127,638
1,109,129	105,502	2,219,765
152,990	3,050	331,822
248,817		248,817
5,956		5,956
1,516,892	108,552	2,806,360
32,388	203	54,410
212	73	765
4,561	50	12,513
	140	1,924
37,161	466	69,612
1,554,053	109,018	2,875,972
802,845	66,353	1,471,671
(10)		(10)
(156)	(70)	(527)
(22,409)	542	(29,434)
490		490
(185)	(8)	2,833
780,575	66,817	1,445,023
$ 157,091	$ 774	$ 162,338

(continued)

Combining Statement of University and College Current Funds - Revenues, Expenditures and Other Changes University and College Component Units

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)	Restricted					
	Chicago State University	Eastern Illinois University	Western Illinois University	Illinois State University	Northern Illinois University	Southern Illinois University
REVENUES						
Tuition and fees						
Federal and local grants and contracts	$ 13,843	$ 5,054	$ 9,056	$ 9,651	$ 11,802	$ 37,621
State grants and contracts		866		6,069	2,515	6,654
Private gifts, grants and contracts	282	2,778	2,176	5,571	5,453	19,495
Investment income	29	647	297	594	58	1,155
Sales and services			169		40	
Other		146	1,181	461	29	862
Total revenues	14,154	9,491	12,879	22,346	19,897	65,787
EXPENDITURES AND MANDATORY TRANSFERS						
Educational and general:						
Instruction	1,054	878	2,712	2,851	1,697	9,106
Research	1,187	205	1,223	9,594	5,962	19,738
Public service	2,780	5,420	3,515	123	3,820	19,810
Academic support	77	1,238	1,569	1,103	642	4,912
Student services	1,511	23	3	1,483		803
Institutional support	339	166	95	1,873	337	1,530
Operation and maintenance of plant	101	33		34		124
Scholarships and fellowships	8,073	2,853	5,468	6,916	8,144	19,285
Total educational and general	15,122	10,816	14,585	23,977	20,602	75,308
Auxiliary enterprises				209	14	662
Hospitals						
Independent operations						
Total expenditures	15,122	10,816	14,585	24,186	20,616	75,970
Mandatory transfers:						
Retirement of long-term obligations		114				
Student loan matching grants		(312)				
Renewals and replacements						
Other			(167)			
Total mandatory transfers		(198)	(167)			
Total expenditures and mandatory transfers	15,122	10,618	14,418	24,186	20,616	75,970
OPERATING TRANSFERS AND ADDITIONS (DEDUCTIONS)						
Operating transfers-in	10	105				426
Operating transfers from primary government	1,002	1,954	2,058	2,698	1,134	12,037
Operating transfers-out			(27)	(28)	(9)	
Operating transfers to primary government						
Other transfers	28	(313)	(40)	(394)	26	660
Excess (deficiency) of restricted receipts over (under) transfers to revenue		502	238	933	154	(31)
Other additions (deductions)		(29)				(915)
Total operating transfers and additions (deductions)	1,040	2,219	2,229	3,209	1,305	12,177
TOTAL INCREASES (DECREASES) IN FUND BALANCES	$ 72	$ 1,092	$ 690	$ 1,369	$ 586	$ 1,994

Restricted (continued)			
University of Illinois	Non-Major Component Units	Total	Total Current Funds
			$ 589,838
$ 246,210	$ 15,156	$ 348,393	416,994
25,065	598	41,767	46,160
153,028	1,197	189,980	203,775
14,364	143	17,287	27,295
		209	842,737
100,264	398	103,341	167,465
538,931	17,492	700,977	2,294,264
114,770	743	133,811	979,379
241,067	399	279,375	382,407
98,727	5,424	139,619	281,023
63,078	1,146	73,765	343,770
2,011	6,977	12,811	162,359
2,503	587	7,430	348,158
760	1	1,053	242,895
37,318	4,534	92,591	220,229
560,234	19,811	740,455	2,960,220
7	13	905	332,727
			248,817
			5,956
560,241	19,824	741,360	3,547,720
1,368		1,482	55,892
		(312)	453
			12,513
	(140)	(307)	1,617
1,368	(140)	863	70,475
561,609	19,684	742,223	3,618,195
		541	541
19,661	1,295	41,839	1,513,510
(467)		(531)	(541)
(6)	(42)	(48)	(575)
(4,168)	(542)	(4,743)	(34,177)
27,569	205	29,570	30,060
(965)	8	(1,901)	932
41,624	924	64,727	1,509,750
$ 18,946	$ (1,268)	$ 23,481	$ 185,819

STATE OF ILLINOIS

Notes to the Financial Statements
June 30, 1997

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the State of Illinois have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB").

B. Financial Reporting Entity

The State of Illinois is a "primary government" whose financial statements consist of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements include all funds, account groups, elected offices, departments and agencies as well as boards, commissions, authorities, and universities and colleges for which the State's elected officials are financially accountable. Financial accountability exists when the State's governing body appoints a majority of an organization's governing board and (1) the State can impose its' will upon the organization or (2) there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on the State.

The State's governing body consists of the legislative, executive, and judicial branches of government. The legislative function is controlled by an elected General Assembly composed of a 59-member Senate and a 118-member House of Representatives. The executive branch consists of the Governor, the chief executive of the State, the Lieutenant Governor, Attorney General, Secretary of State, Comptroller, and Treasurer. The judicial branch is composed of a seven-member Supreme Court, five districts of Appellate courts and twenty-two Circuit Court judicial districts including Cook County.

The financial statements distinguish between the "primary government" and its "component units." The State's participation in a joint venture, related organizations, and jointly governed organizations are separately disclosed below. The primary government which consists of organizations that make up the State's legal entity, is the nucleus of the State's reporting entity, and is generally the focal point for users of the financial statements. Component units are legally separate organizations for which the State is financially accountable. An overview of the State's component units is presented in the financial statements by "discrete" presentation (i.e., columns presently separately from the primary government). Condensed financial statements for the State's discretely presented component units are displayed in note 18.

Discretely Presented Component Units

Component units are reported in separate columns to emphasize that they are legally separate from the State. Complete financial statements of the individual component units can be obtained from the respective component unit administrative offices (as listed in parenthesis below). Except for the Board of Trustees of the University of Illinois whose current board is partly elected, the major component units presented below have governing bodies appointed by the governing board of the State. The State is financially accountable for these component units, and, therefore, they are reported in separate "discrete" columns in the State's financial statements.

1. *Illinois Grain Insurance Corporation ("Corporation").* The board of directors of the Corporation consists of five State officials who administer the Illinois Grain Insurance Fund. The State can impose its will on the Corporation and is obligated to provide funding to satisfy claims when corporate funds are insufficient. (Administrative Offices: PO Box 19281, Springfield, Illinois 62794-9281).

2. *Illinois Conservation Foundation ("Foundation").* The Foundation was created to promote, support, assist, sustain, and encourage the charitable, educational, scientific, and recreational programs, projects, and policies of the Illinois Department of Natural Resources. The State has the ability to impose its will on the Foundation. (Administrative Offices: 524 South 2nd Street, Springfield, Illinois 62701-1787).
3. *East St. Louis Financial Advisory Authority ("Authority").* The Authority was created to provide a secure financial basis for and to furnish assistance to the city of East St. Louis. The State substantively approves the Authority's budget. (Administrative Offices: 10 Collinsville Ave., East St. Louis, Illinois 62201).
4. *Illinois Medical District Commission ("Commission").* The Commission was created to maintain and expand a designated "medical district." The State substantively approves the Commission's budget. (Administrative Offices: 600 S. Hoyne, Chicago, Illinois 60612).
5. *Comprehensive Health Insurance Plan ("CHIP") Board.* The CHIP provides an alternate market for health insurance for eligible Illinois residents having a preexisting health condition. The State provides significant operating subsidies to the CHIP. (Administrative Offices: 400 West Monroe Street, Suite 202, Springfield, Illinois 62704).
6. *Illinois Farm Development Authority ("Authority").* The Authority provides loan programs for acquisition and development of agricultural facilities. The State guarantees certain debt of the Authority in the event of default by the debtor. (Administrative Offices: 427 East Monroe Street, Suite 201, Springfield, Illinois 62701).
7. *Illinois Health Facilities Authority ("IHFA").* The IHFA provides assistance and alternative methods of financing to health institutions to aid them in providing quality care. IHFA issues tax-exempt debt to finance its operations. (Administrative Offices: 180 North Stetson Avenue, Suite 1100, Chicago, Illinois 60601).
8. *Illinois Development Finance Authority ("IDFA").* The IDFA provides funding for industrial, commercial and manufacturing development in areas of Illinois with critical unemployment. The State appropriates funds for certain IDFA programs. (Administrative Offices: 233 South Wacker Drive, Suite 5310, Chicago, Illinois 60606).
9. *Illinois Housing Development Authority ("IHDA").* The IHDA issues notes and bonds to make loans for the acquisition, construction and rehabilitation of housing and to make loans to encourage home ownership. The State approves bonds and notes issued by the IHDA and is secondarily liable for its debt if there are not sufficient IHDA monies to pay principal and interest. (Administrative Offices: 401 North Michigan Avenue, Suite 900, Chicago, Illinois 60611).
10. *Illinois Rural Bond Bank ("Bond Bank").* The Bond Bank provides assistance to rural governmental units by providing adequate capital markets and facilities for borrowing money and financing public improvements at low interest rates. The State is secondarily liable for payment of principal and interest on the Bond Bank debt. Excess reserves of the Bond Bank must be returned to the State's General Fund. (Administrative Offices: 427 East Monroe Street, Suite 202, Springfield, Illinois 62701).
11. *Illinois State Toll Highway Authority ("THA").* The THA operates a toll highway system to promote the public welfare, and to facilitate vehicular traffic by providing convenient, safe, modern and limited access highways within Illinois. The State approves new toll highways and issuance of bonds. (Administrative Offices: One Authority Drive, Downers Grove, Illinois 60515).
12. *Southwestern Illinois Development Authority ("Authority").* The Authority was created to promote and enhance economic development in Southwestern Illinois. The State approves bonds issued by the Authority. (Administrative Offices: 1 Eastport Plaza Dr., Collinsville, Illinois 62234).
13. *Quad Cities Regional Economic Development Authority ("Authority").* The Authority was created to promote industrial, commercial, residential, service, transportation and recreational activities and facilities in the northwestern part of the State. The State approves bonds issued by the Authority. (Administrative Offices: 1830 2nd Ave., Suite 200, Rock Island, Illinois 61204.
14. *Upper Illinois River Valley Development Authority ("Authority").* The Authority was created to promote industrial, commercial, residential, service, transportation and recreational activities and facilities in the Upper Illinois River Valley in north central Illinois. (Administrative Offices: 321 West Main St., Ottawa, Illinois 61350).
15. *Boards' of Trustees of Eastern Illinois University ("EIU"), Western Illinois University ("WIU"), Chicago State University ("CSU"), Northeastern Illinois University ("NEIU"), Governors State University ("GSU"), Illinois State University ("ISU"), and Northern Illinois*

University ("NIU") ("boards"). The boards of the respective universities operate, manage, control and maintain the schools. Until January 1, 1996, these universities were legally controlled by the Board of Governors and Board of Regents which have been abolished. The State provides significant financial support to the boards of the universities. (Administrative Offices:

- CSU, 9501 South King Dr., Chicago, Illinois 60628
- EIU, 113 West Old Main, Charleston, Illinois 61920
- GSU, Route 54 & Stuenkel Rd., University Park, Illinois 60466
- NEIU, 5500 N. St. Louis Avenue, Chicago, Illinois 60625
- WIU, 1 University Circle, Macomb, Illinois 61455
- ISU, Campus Box 1200, Normal, Illinois 61790-1200
- NIU, Altgeld Hall 104, DeKalb, Illinois 60115).

16. *Board of Trustees of Southern Illinois University ("SIU Board").* The SIU Board operates, manages, controls and maintains Southern Illinois University. The State provides significant financial support to the SIU Board. (Administrative Offices: Colyer Hall, Carbondale, Illinois 62901).
17. *Board of Trustees of the University of Illinois ("U of I Board").* The U of I Board contains both elected and appointed trustees who manage the University of Illinois. As existing board members' terms expire, they will be appointed by the Governor. The State provides significant financial support to the U of I Board. (Administrative Offices: 346 Administration Building, 506 South Wright Street, Urbana, Illinois 61801).

Condensed financial statement information is presented in note 18 for each of the State's discretely presented component units.

Joint Ventures

The State is a participant with the states of Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin in the Great Lakes Protection Fund ("Fund"), an Illinois not-for-profit corporation. The nation's first multi-state environmental endowment was established in 1989 for furthering Federal and State commitments to programs that restore and maintain the Great Lakes water quality. This purpose is achieved by providing grant money for projects that promote the objectives of the regional Great Lakes Toxic Substances Control Agreement and the binational Great Lakes Water Quality Agreement.

A state becomes a member of the organization by agreeing to contribute an amount set forth in the articles of incorporation. Illinois' required contribution is $15 million of which $10.8 million has been paid. Illinois currently is in default under the articles of incorporation and is subject to various sanctions. The required contributions from all member states at December 31, 1996 was $81 million of which $76.8 million has been paid. The Fund's net assets on that date were $81 million.

Once a state agrees to make the required contribution, that state's governor becomes a "member" of the corporation. Each member is entitled to elect two individuals to the board of directors. Budgetary and financial decisions rest with the board of directors except where restricted by the articles of incorporation. Two-thirds of the Fund's income is used to finance projects compatible with the organization's objectives as set forth in the articles of incorporation. The remaining one-third of income is paid to member states in proportion to the amount and period of time that each state's contribution was invested with the Fund ("state shares"). Illinois' state share was $36 thousand in 1996 and nearly $1.1 million since the Fund's inception. The affirmative vote of all of the members is required for all actions of the Fund. Complete financial statements of the Fund can be obtained from the Fund's administrative offices at 35 East Wacker Drive, Suite 1880, Chicago, Illinois 60601.

Related Organizations

The State's officials are also responsible for appointing the majority of the boards of other organizations, but the State's accountability does not go beyond making the appointments. The State, generally the Governor, in certain instances with the advice and consent of the Senate, appoints the members of the following boards:

- Central Midwest Interstate Low-Level Radioactive Waste Commission
- Havana Regional Port District
- Kaskaskia Regional Port District
- Mt. Carmel Regional Port District
- Shawneetown Regional Port District
- Southwest Regional Port District
- Tri-City Regional Port District
- Waukegan Port District

- White County Port District
- Illinois Community College System Foundation

The State maintains accounting records for the Central Midwest & Interstate Low-Level Radioactive Waste Commission. The Illinois Community College Board provides nominal support services for the Illinois Community College System Foundation. These are the only related-party activities that the State has with the above organizations.

Jointly Governed Organizations

The State's officials, in conjunction with various other state and local government officials, are members of the boards of other organizations. However, the State has no ongoing financial interest or responsibility except the role of a participant in the organization's purpose and, in certain instances, pays annual dues or assessments. The Governor, sometimes with the advice and consent of the Senate, appoints the number of board members (as indicated in parenthesis below) of the following organizations:

- Bi-State Development Agency of the Missouri/Illinois Metropolitan District (5 of 10)
- Education Commission of the States (7 of approximately 350)
- Illinois/Indiana Bi-State Commission (2 of 12)
- Illinois/Indiana Bridge Commission (5 of 10)
- Illinois Valley Regional Port District (2 of 5)
- Interstate Mining Commission (1 of 17)
- Jackson/Union Counties Port District (4 of 23)
- Joliet Regional Port District (3 of 7)
- Lawyers Trust Fund (3 of 9)
- Midwestern Higher Education Commission (5 of 60)
- Northeastern Illinois Planning Commission (5 of 33)
- Ohio River Valley Water Sanitation Commission (2 of 18)
- Southwestern Illinois Metropolitan & Regional Planning Commission (8 appointed)
- Wabash Valley Interstate Commission (7 of 14)

The State has no significant related-party activities with the above organizations.

C. Fund Accounting

Financial activities of the State are organized on the basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. The financial activities of the State accounted for in the accompanying financial statements have been classified into the following fund categories and account groups:

Governmental Fund Types

General - Transactions related to resources obtained and used for those services traditionally provided by a state government which are not required to be accounted for in other funds are accounted for in the General Fund. These services include, among others, social assistance, education (other than institutions of higher education), and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The State's General Fund contains four primary sub-accounts (General Revenue, Education Assistance, Common School, and Medicaid Provider Assessment Program) with numerous secondary sub-accounts.

Special Revenue - Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service - Transactions related to governmental resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases, compensated absences, workers' compensation, and unfunded retirement costs) are generally accounted for in debt service funds.

Capital Projects - Transactions related to resources obtained and used for the acquisition or construction of major capital facilities, including those provided to political subdivisions and other public organizations,

which are charged to expenditures (other than those financed by proprietary, fiduciary, and university and college fund types) are accounted for in capital projects funds. Such resources are derived principally from proceeds of general and special obligation bond issues.

Proprietary Fund Types

Enterprise - Enterprise funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service - Internal service funds account for the operations of State agencies which render services and provide goods to other State agencies or governmental units on a cost-reimbursement basis.

Fiduciary Fund Types

Trust -

Expendable - Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Nonexpendable - Nonexpendable trust funds account for assets held by the State in a trustee capacity where only the income may be expended in the course of the funds' designated operations.

Pension - Pension trust funds account for transactions, assets, liabilities and fund balances reserved for employees' pension benefits of the various State public employee retirement systems.

Agency

Agency funds account for the various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

Universities and Colleges

University and college funds account for the operations of State universities and colleges, including their related foundations and associations (referred to as university related organizations or "UROs"). The UROs are component units of their related universities and the universities are, in turn, component units of the State. The discrete presentation of the universities and colleges within the State's financial statements is in accordance with NACUBO accounting and reporting principles. The universities are reported in the financial statements based upon their legal ownership as follows:

- Chicago State, Eastern Illinois, Governors State, Northeastern Illinois, Western Illinois, Illinois State, and Northern Illinois are managed, operated, controlled, and maintained by individual boards of trustees at those universities.
- Board of Trustees of Southern Illinois University - Southern Illinois University at Carbondale, Edwardsville, and the Medical School at Springfield are operated, managed, controlled, and maintained by the SIU Board of Trustees.
- University of Illinois Board of Trustees - The University of Illinois at Champaign-Urbana, Chicago, Springfield, and the Medical Center at Chicago, are managed by the University of Illinois Board of Trustees.

Account Groups

General Fixed Assets. General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than those accounted for in proprietary, fiduciary and university and college fund types are accounted for in the General Fixed Assets Account Group.

General Long-Term Obligations. Unmatured general and special obligation bonds, unfunded retirement costs, and other long-term obligations not recorded in proprietary, fiduciary and university and college fund types are recorded in the General Long-Term Obligations Account Group.

D. Basis of Accounting and Measurement Focus

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Governmental Fund and Expendable Trust Funds. The accounts of the general, special revenue, debt service, capital projects and expendable trust funds are reported using a current financial resources measurement focus and modified accrual basis of

accounting. Under this measurement focus only current assets and current liabilities are normally included on the balance sheet. Fund balance represents a measure of "available spendable resources." Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available to finance expenditures of the fiscal year). "Measurable" means when the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes and motor fuel taxes.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one type, monies must be expended on the specific purpose or project before any amounts will be paid to the State; therefore, revenues are recognized based upon the expenditure recorded. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Modifications to the accrual basis of accounting include:

- Self assessed taxes, principally income, excise and wealth taxes, are recognized as receivables and revenues in the period to which they apply subject to their availability.
- Fines, penalties, licenses and other miscellaneous revenues are recognized when received since they normally are only measurable at that time.
- Interest on long-term obligations reflected in the General Long-Term Obligations Account Group is recognized in the debt service funds when it becomes payable.

Proprietary Funds, and Nonexpendable and Pension Trust Funds. The accounts of the enterprise, internal service, and nonexpendable and pension trust funds are reported using the capital maintenance measurement focus and the accrual basis of accounting. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

As permitted by GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, generally, the State has elected to apply only statements and interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Agency Funds. The accounts of agency funds are reported using the modified accrual basis of accounting as described above for governmental and expendable trust funds. Agency funds do not measure nor report operations. Instead, changes in assets and liabilities are presented for agency funds.

University and College Funds. The accounts of the university and college funds are reported using the accrual basis of accounting with the following exceptions:

- Depreciation expense related to plant fund assets generally is not recorded.
- Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

E. Eliminations

Eliminations have been integrated into the report to eliminate those items which would significantly overstate the financial activities of certain funds and intrafund accounts within the related fund type.

F. Total (Memorandum Only) Columns

Total columns represent an aggregation of the fund type and account group financial statements. They are presented for informational purposes and do not represent consolidated financial information.

G. Budgetary Process

The State Constitution requires the Governor to prepare and submit to the General Assembly an Executive Budget for the ensuing fiscal year. The budget covers most funds held by the State, but excludes all locally held funds and various treasury held funds which are not subject to appropriation pursuant to State law. The General Assembly enacts the budget through passage of specific line-item appropriations (i.e., personal services, contractual services, equipment, etc.), the sum of which must not exceed estimated revenues pursuant to the State Constitution. The Governor has the power to approve, reduce or veto each appropriation passed by the General Assembly. Transfers in/out contained in the Executive Budget are not a part of the General Assembly's appropriation process. The actual amounts are determined either by State law or by discretionary action available to the Governor. The Comptroller's Uniform Statewide Accounting System ("CUSAS") controls expenditures by line-item as established in approved appropriation bills and insures that appropriated expenditure amounts are not exceeded.

The level of legal control is reported in a publication titled *Illinois Detailed Annual Report of Revenues and Expenditures*. A separate document is necessary since the State has over 9,200 appropriated line items. Administrative transfers between certain appropriation line-items within the same treasury held fund cannot exceed 2% of the aggregate amount appropriated to an agency from that fund. Legislative action is required for more substantial transfers. Unexpended appropriations at June 30 are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 2-month "lapse period." Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program which requires additional time for completion.

Budgeted revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) represent original estimates, while budgeted expenditures represent original appropriations modified by supplemental and amendatory and continuing appropriations aggregating $808 million. Final budget expenditures include accounts reappropriated to the subsequent fiscal year. Budgets are essentially on the cash basis, modified for expenditures during the lapse period (beginning and end of year) as described in the preceding paragraph.

CUSAS establishes the following budgetary fund groups to account for the State's budgetary activities:

General - funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds;

Highway - funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State;

University - funds established to receive revenues such as fees, tuition and excess income from auxiliary enterprises at State-supported institutions of higher education;

Special State - funds designated by statute as special funds in the State Treasury and not elsewhere classified;

Bond Financed - funds established to receive and administer the proceeds of various bond issues of the State;

Debt Service - funds established to finance and account for the payment of principal and interest generally associated with the general and special obligation bond issues of the State;

Federal Trust - funds established pursuant to grants and contracts or under statutory authority between State agencies and the federal government;

Revolving - funds established to finance and account for intra-governmental services; and,

State Trust - funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

H. Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less. Cash equivalents consist principally of certificates of deposit, repurchase agreements, U.S. treasury bills and food stamps, and are stated at cost.

I. Investments

Investments are stated on the basis of cost except for those of the State Employees' Deferred Compensation Fund, and investments in mutual funds and investments

of the State's pension trust funds which are stated at fair value. Generally, the State's pension systems' marketable securities are valued at closing prices listed on national securities exchanges and quotes from independent pricing services as of June 30. Real estate and venture capital are valued based upon appraisals and discounted cash flow analysis.

Investment income is recorded as revenue in the General Fund, except for resources of retirement systems and certain other individual funds which are statutorily authorized to be separately invested and specifically credited with the income realized thereon. The State financial statements contain certain investments that meet the definition of "derivatives". Derivative investments are included in the pension trust funds as disclosed in note 4.

GASB Statement 28, *Accounting and Financial Reporting for Securities Lending Transactions,* is effective for financial statements for periods beginning after December 15, 1995. The State has implemented the standard in fiscal year 1997.

J. Inventories

Inventories for governmental funds are valued at cost, principally on the first-in, first-out consumption method.

K. Interfund Transactions

The State has the following types of interfund transactions:

Quasi-external transactions - Charges for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements - Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers - Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Operating Transfers - Legally authorized transfers other than residual equity transfers are reported as operating transfers.

L. Property, Plant and Equipment

Fixed assets are recorded at cost or, for donated assets, at fair market value at date of acquisition.

General Fixed Assets - Fixed asset records are used by the State primarily to assure accountability. Historical cost records for certain general fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used. Public domain (infrastructure) general fixed assets such as highways, bridges, and lighting systems are not capitalized. Depreciation is not provided on general fixed assets and interest expenditures incurred during the construction period are not capitalized.

Proprietary and Fiduciary Fund Types - It is the State's policy to capitalize interest expense incurred on significant assets during their construction. Generally, property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets as follows:

	Years
Land improvements	20-50
Buildings and building improvements	20-50
Equipment	3-10

University and College Funds - Generally, public domain (infrastructure) assets such as streets, sidewalks, and lighting systems are not capitalized. Depreciation generally is not provided on property, plant and equipment.

M. Retirement Costs

Substantially all State employees, including members of the General Assembly and Judicial Branch, participate in one of three State public employee retirement systems (see Note 10). The State also maintains and funds public employee retirement systems for employees of the various State supported universities and colleges, and for public school teachers in cities other than Chicago. It is the State's policy to fund retirement costs without regard to amounts calculated under the provisions of Accounting Principles Board (APB) Opinion No. 8. Based on actuarial consultations, the State's contributions have been less than the retirement benefits paid during the year for the last fifteen fiscal years. Prior to fiscal year 1982, the State had funded the retirement costs at a level at least as great as the retirement benefits paid during the year.

Effective July 1, 1996, the State adopted the provisions of GASB Statement 27, *Accounting for Pensions by*

State and Local Governmental Employers to determine pension cost. Accordingly, calculated pension cost comprises the employer's annual required contributions (i.e., the "ARC") which equals normal cost plus interest on unfunded prior service cost and amortization of prior service cost over forty years, one year's interest on the net pension obligation, and an adjustment to the ARC to offset the effect of actuarial amortization of past under or over contributions. For the period of change, the pension liability previously recorded in the general long-term obligations account group has been restated in accordance with GASB Statement 27.

N. Capital Appreciation ("deep-discount") Bonds

Capital appreciation bonds are those bonds which are issued at stated interest rates significantly below their effective interest rate, resulting in a substantial discount. The implicit interest (i.e., discount) is not paid until the bond matures. Therefore, the net value of the bonds "accretes" (i.e., the discount is reduced) over the life of the bonds. For general and special obligation bonds, the accreted amounts are included in the General Long-Term Obligations Account Group.

O. Compensated Absences

The amounts of vested unpaid vacation and sick leave accumulated by State employees are accrued when incurred in proprietary and university and college funds, which use the accrual basis of accounting. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. Employees are charged for the earliest sick leave earned when the leave is used, and they are compensated for one-half of sick time accumulated after January 1, 1984 which is unused upon termination of employment. The State's liability for unused vested sick leave and vacation time, including salary related costs (e.g., social security and medicare tax), is recorded in the accompanying financial statements at the employees' current salary level. Unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Therefore, the entire unpaid liability for the governmental funds is recorded in the General Long-Term Obligations Account Group.

P. Workers' Compensation Liability

The fund liabilities of the General Fund, Road and Mental Health (Special Revenue) Funds include the amount of workers' compensation claims that would normally be liquidated with expendable available financial resources. The remaining liability, based on the State's workers' compensation laws, is reported in the General Long-Term Obligations Account Group and University and College Funds.

Q. Encumbrances

The State employs encumbrance accounting for all governmental fund types. All contracts, purchase orders and other commitments for goods or services that have not been received/rendered by June 30 are reported as reservations of fund balances, not as expenditures.

R. Reservations/Designations of Fund Equity

Reservations

Governmental and Fiduciary Funds - Fund balances of governmental and fiduciary fund types which are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

University and College Funds - Fund balances of university and college funds which are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

Proprietary Funds - Reserved retained earnings of the proprietary funds are legally restricted for the payments of capital maintenance and debt service related to revenue bonds and bond anticipation notes and for other purposes.

Designations

Designations of unreserved fund balances in governmental, fiduciary and university and college funds indicate the State's plan for use of financial resources in future periods.

S. Risk Management

Insurance in force on State-owned assets is limited except for certain university facilities. Further, the State makes no provision for anticipated losses in the event of involuntary conversions. The State's liability exposures, including workers' compensation, vehicle, employee fidelity and surety, legal representation and employee indemnification, general liability, and other tort liability are retained. Liabilities for claims, including claims incurred but not reported, are recorded in the funds or the General Long-Term Obligations

Account Group as appropriate. The State has met its financial obligation associated with losses sustained from its current resources in the past, even though limited insurance coverage is purchased.

The State administers two public entity risk pools for non-state employers - one for local governments and another for school districts. The Local Government Health Insurance Reserve Fund offers a health insurance program to local governments and its employees and retirees and the Teacher Health Insurance Security Fund offers health insurance for school district teachers and retired teachers. These funds are included as enterprise funds in the State's CAFR. Detailed information on these programs can be obtained from the Department of Central Management Services which administers both plans. Separate audit reports are issued for both plans and include the required pool supplementary information.

T. Financial Reporting Standards

For periods beginning after June 15, 1997, GASB Statement 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, is effective. The statement will require reporting investments at fair value except for pension plans and section 457 plans which are currently reported at fair value and will be implemented in the fiscal year 1998 CAFR.

2 BUDGETARY BASIS VS. GAAP

The accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances-Budget and Actual (Non-GAAP), All Budgeted Fund Groups, presents comparisons of the legally adopted budget (more fully described in Note 1-G) with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary

	Primary Government					
BUDGETARY FUND GROUPS	General	Highway	University	Special State	Bond Financed	Debt Service
FINANCIAL STATEMENT FUND TYPES	General			Special Revenue	Capital Projects	Debt Service
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	$ 337,096	$ (33,211)	$ (1,241)	$ (148,076)	$ (68,348)	$ 46,663
Adjustments:						
To adjust revenues, related receivables and deferred revenue	(97,143)	52,910	(8)	820,850	(20,841)	9,909
To adjust expenditures/expenses and related liabilities	280,105	64,493	1	(416,127)	51,058	49,962
To adjust for lapse period expenditures which were not recorded as liabilities	(60,903)	274	(2)	(1,620)	(2,941)	
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	459,155	84,466	(1,250)	255,027	(41,072)	106,534
Reclassifications & adjustments:						
To reclassify excess (deficiency) of revenues over (under) expenditures/ expenses and other sources (uses) of financial resources into financial statements fund types	39,030	(84,466)	1,250	75,172	3,010	(224)
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted funds and accounts	1,673			6,978	(44,066)	2,969
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources (GAAP basis)	**$ 499,858**	**$ -**	**$ -**	**$ 337,177**	**$ (82,128)**	**$ 109,279**

basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation (amounts expressed in thousands) of resulting basis, perspective, entity and timing differences in the excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for the year ended June 30, 1997 is presented below:

Primary Government (Continued)						Component Units		
Federal Trust	Revolving	State Trust						
	Internal Service		Enterprise	Expendable Trust	Non-Expendable Trust	Governmental	Proprietary	University & College
$ 51,616	$26,699	$(11,491)						
(46,480)	1,534	(661,893)						
118,219	6,995	710,435						
(102,040)	(1)	(8,674)						
21,315	35,227	28,377						
(21,315)	(273)	(28,377)	$ 1,997	$ (53)	$ 39	$15,517	$ (1)	$ (1,306)
	65		17,665	69,915	41	1,320	58,832	318,189
$ -	**$35,019**	**$ -**	**$19,662**	**$ 69,862**	**$ 80**	**$16,837**	**$ 58,831**	**$316,883**

3 RESTATEMENTS OF FUND BALANCES

The pension trust fund balances reserved for employees' pension benefits have been restated to reflect the adjustment of investments to "fair value" as required by GASB Statement 27 which was implemented in the current fiscal year.

The General Long-Term Obligations Account Group balance was restated to reflect the State's net pension obligation at transition in accordance with GASB Statement 27.

The July 1, 1996 fund type and account group balances (amounts expressed in thousands) have been restated as follows:

Primary Government	Fund Type	Account Group
	Pension Trust	General Long-Term Obligations
Fund balance/Account Group balance July 1, 1996, as previously reported	$ 23,584,663	$ 20,203,765
Restatements:		
To adjust pension investments to fair value in accordance with GASB Statement 27	3,986,298	
To adjust the net pension obligation at transition in accordance with GASB Statement 27		(1,851,861)
Fund Balance/Account Group balance, July 1, 1996, as restated	**$ 27,570,961**	**$ 18,351,904**

4 DEPOSITS AND INVESTMENTS

The State Treasurer is the custodian of the State's cash, cash equivalents, and investments for most funds maintained in the State Treasury. Funds maintained outside the State Treasury (locally held funds) have independent authority to manage their own cash and investments. As described later, the funds of the State's retirement systems are invested separately.

Investment Policy -

General

Statutes authorize public agencies, including the State of Illinois Primary Government and its Component Units, to engage in a wide variety of investment activities. These include bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the United States; interest-bearing savings accounts, certificates of deposit, or interest-bearing time deposits or any other investments that constitute direct obligations of any bank; short-term obligations of certain qualified United States corporations; short-term discount obligations of the Federal National Mortgage Association; shares or other securities legally issued by certain state or federal savings and loan associations; insured dividend-bearing share accounts and certain other accounts of chartered credit unions; certain money market mutual funds; Public Treasurer's Pool; and repurchase agreements that meet certain instrument and transaction requirements. Statutes require that investments purchased must mature or be redeemable prior to the date they will be needed to pay expenditures.

The investments of the State's five retirement systems (classified as pension trust funds) are governed by the State Pension Code. Authorized investments consist of bonds, equities, real estate, venture capital and other activities that are consistent with the "prudent person" rule. The "prudent person" rule, as adopted by the Illinois General Assembly in 1982, states that fiduciaries must discharge their duties with the care, skill, prudence and diligence which a prudent person acting in a like capacity and familiar with such matters

would use under conditions prevailing at the time.

In addition to statutory requirements, Primary Government agencies and Component Units have adopted their own supplemental investment practices which further regulate such activities.

Derivatives

Certain State agencies, principally Teachers' Retirement System (TRS) and State Universities Retirement System (SURS), invest in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices or a market index. In general, a derivative is used to modify exposure to undesirable risks, to increase portfolio liquidity and flexibility, or to enhance investment yields within the level of risk defined in the agency's investment guidelines.

Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. In order to eliminate credit risk, all derivative securities of TRS and SURS are done through a clearinghouse which guarantees delivery and accepts the risk of default by either party. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by TRS and SURS by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by governing bodies and senior management, and the risk positions of the investment managers are reviewed periodically to monitor compliance with limits.

TRS and SURS invest in the following types of derivatives: foreign currency forward contracts, collateralized mortgage obligations (CMO's), financial futures, and financial options.

Foreign currency forward contracts are used to hedge against the currency risk in agencies' foreign stock and fixed income security portfolios. Foreign currency forward contracts are an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Fluctuations in the market value of foreign currency forward contracts are not recognized until the maturity or the settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts. As of June 30, 1997, SURS foreign currency forward contracts purchased were off-set by foreign currency forward contracts sold, resulting in a net book value of $0. As of June 30, 1997, the net unrealized gain on foreign currency forward contracts totaled $838 (expressed in thousands). As of June 30, 1997, TRS had a net unrealized gain on the foreign currency forward contracts totaling $10,065 (expressed in thousands).

Financial futures are an agreement to buy or sell a specific amount of an asset at a specified delivery or maturity date for an agreed-upon price. As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to fulfill these obligations are held in the investment portfolio.

Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As writers of financial options, TRS and SURS receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums received are recorded as a liability when the financial options are written, and gains or losses are recognized at the time the options are exercised or when they expire. As purchasers of financial options, TRS and SURS pay a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums paid are recorded as an asset when the financial option is purchased and gains or losses are recognized when the options are exercised by the agency or they expire.

As of June 30, 1997, SURS book and market values (expressed in thousands) of option contracts written were ($5) and ($5), respectively. As of June 30, 1997, TRS book and market values (expressed in thousands) of option contracts written were $6,348 and $6,920, respectively. The book value of option contracts written represents the premiums received, and the market value represents the amount to be paid to close all positions as of that date.

Type of Derivative Contract	Contractual Principal Outstanding* (expressed in thousands) Teachers' Retirement System	Universities Retirement System
Domestic Interest Rate Products		
Fixed income futures purchased	$ 1,715,432	$ 271,300
Fixed income futures sold		26,300
Fixed income written put options	243,765	800
Fixed income purchased put options		38,450
Fixed income written call options	2,632	
International Interest Rate Products		
International fixed income futures purchased	71,414	
International fixed income bond call options	58,095	
International fixed income written bond put options	27,217	
International fixed income written put options		
Eurodollar purchased put options		
Domestic Equity Products		
S&P 500 index futures purchased	1,395,912	
Written S&P 500 index call options	4,453	
International Equity Products		
Index futures purchased	148,493	78,402
Foreign Currency Products		
Currency futures	6,541	
Written call options	92,115	
Written put options	2,109	

*The contractual principal amounts listed above represent the market value of the underlying assets the derivative contracts control. Contractual principal values do not represent actual balance sheet values.

As of June 30, 1997, SURS book and market value (expressed in thousands) of option contracts purchased were ($5) and $4,617, respectively. The book value of option contracts purchased represents the premiums paid, and the market value represents the amount to be received to close all positions as of that date.

The above table represents the derivative positions held by TRS and SURS at June 30, 1997 in financial futures and financial options (expressed in thousands). Additional information concerning the derivative investments of TRS and SURS can be obtained from their separately issued annual reports.

Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

Deposits -

Primary Government

On June 30, 1997, the carrying amount of the State's Primary Government cash deposits (amounts expressed in thousands) was $1,872,412 and the bank balance was $2,250,811. Of the bank balance, $2,084,935 was covered by federal depository insurance or by collateral held by the State or the State's agent in the State's name, $2,242 was covered by collateral held in the pledging bank's trust department or by its agent in the State's name, and $163,634 was uninsured and uncollateralized.

Component Units

On June 30, 1997, the carrying amount of the State's Component Units cash deposits (amounts expressed in thousands) was $273,263, and the bank balance was $316,819. Of the bank balance, $233,403 was covered by federal depository insurance or by collateral held by the State or the State's agent in the State's name, $78,319 was covered by collateral held in the pledging bank's trust department or by its agent in the State's name, and $5,097 was uninsured and uncollateralized. At June 30, 1997, the State Treasurer held $335 of the component unit agencies bank balances. By statute, public monies deposited in financial institutions must either be collateralized; insured by an agency of the federal government; or not exceed 75% of the capital stock and surplus, 75% of the net worth, or 50% of the unimpaired capital and surplus of a financial institution.

Investments -

Investments (amounts expressed in thousands), are categorized below to give an indication of the level of custodial credit risk assumed by the State at June 30, 1997. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent in the State's name. Category 3, includes uninsured and unregistered investments for which the securities are held by the counterparty, or by a trust department or agent but not in the State's name. All of the amounts shown below in category 3, pertain to the enterprise fund type.

The master repurchase agreements utilized by the Treasurer require the broker or financial institution to maintain the market value of collateral securities at 102% of the agreement. The carrying amount, including accrued interest, was approximately $1,446,499 and the market value of the collateral securities to be resold based on commitments under the repurchase agreements was approximately $1,480,568 as of June 30, 1997.

Primary Government

	Category			Carrying	Market
	1	2	3	Amount	Value
Repurchase agreements	$ 2,953,148			$ 2,953,148	$ 2,953,148
U.S. Treasury and Agency obligations	7,234,827		$59,086	7,293,913	8,245,261
Commercial paper	1,734,601	$2,953		1,737,554	1,737,554
Corporate debt securities	4,334,141			4,334,141	4,334,141
Corporate equity securities	13,440,103			13,440,103	13,440,103
	$29,696,820	**$2,953**	**$59,086**	29,758,859	30,710,207
Investment contracts				410,290	411,228
Tangible property				2,619,620	2,619,620
Investments in mutual funds				11,370,058	11,370,058
				$44,158,827	**$45,111,113**

Component Units

	Category 1	Category 2	Category 3	Carrying Amount	Market Value
Repurchase agreements	$ 5,104	$ 219,644	$ 19,320	$ 244,068	$ 244,068
U.S. Treasury and Agency obligations	813,616	18,094	24,861	856,571	862,242
Commercial paper	73,630	6,337	15,536	95,503	95,938
Corporate debt securities	191,185	7,790	5,252	204,227	204,100
Corporate equity securities	50,762	3,528	18,813	73,103	98,162
	$ 1,134,297	$ 255,393	$ 83,782	1,473,472	1,504,510
Investment contracts				433,694	433,693
Tangible property				11,136	32,282
Investments in mutual funds				592,610	674,564
				$ 2,510,912	$ 2,645,049

Of the amounts shown above in category 3, the university funds constitute 73%.

Reconciliation to Balance Sheet

The balance sheet account cash and cash equivalents contains certain short-term investments (included as investments above) to reflect their liquidity. In addition, the disclosures related to deposits and investments above include certain items that the balance sheet shows as restricted assets or other assets. A reconciliation is provided below.

Securities Lending Transactions

The investment policies of certain State agencies, principally the retirement systems and certain universities, permit them to enter into securities lending transactions. In these transactions, the agency loans their securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The agencies' securities custodians are agents in lending the securities for collateral of at least 102% of the market/fair value of the securities. Collateral can consist of cash, cash equivalents, government securities, commercial paper or irrevocable letters of credit. Depending on their nature, securities on loan at year end are presented as classified or unclassified in the preceding schedule of custodial credit risk. Generally, at year end, agencies had no credit risk exposure to borrowers because the amounts they owed to the borrowers exceeded the amounts the borrowers owe the agencies. Policies regarding indemnification vary among agencies. Some agencies' contracts with custodians require them to indemnify the agency if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or the borrowers fail to pay the agency for income distributions by the securities' issuers while the securities are out on loan. Other agencies have no provisions for indemnification.

As of June 30, 1997, agencies had outstanding loaned investment securities (amounts expressed in thousands) having a market value of $2,921,077 against which they had received collateral having a market value of $3,012,152.

	Deposits	Investments
Amount Per Note:		
Primary Government	$ 1,872,412	$ 44,158,827
Component Units	273,263	2,510,912
Cash Equivalents	7,434,385	(7,434,385)
Restricted Assets	(114,204)	(382,154)
Other Assets	(106)	
Amount Per Balance Sheet		
Total (Memorandum Only) Reporting Entity	$ 9,465,750	$ 38,853,200

5 TAXES RECEIVABLE

Taxes receivable (amounts expressed in thousands) at June 30, 1997 consisted of the following:

	Fund Types				Total (Memorandum Only)
	General	Special Revenue	Expendable Trust	Agency	
Income taxes	$ 659,193	$ 86,454		$ 998	$ 746,645
Sales taxes	710,601	263,410		58,327	1,032,338
Motor fuel taxes		184,175		373	184,548
Public utility taxes	21,767	117,540		16	139,323
Unemployment compensation taxes			$ 258,424		258,424
Other taxes	120,092	17,115		5,981	143,188
	1,511,653	668,694	258,424	65,695	2,504,466
Less: Allowance for uncollectible taxes	735,670	341,284			1,076,954
Taxes Receivable, net	**$ 775,983**	**$ 327,410**	**$ 258,424**	**$ 65,695**	**$ 1,427,512**

6 DUE FROM/TO OTHER FUNDS AND COMPONENT UNITS

The following balances (amounts expressed in thousands) at June 30, 1997 represent due from/to balances among all funds and component units:

	Due From			Due To		
Fund Type/Fund	Other Funds	Component Units	Primary Government	Other Funds	Component Units	Primary Government
Primary Government						
General	$ 210,534	$ 40,840		$ 286,998	$ 195,088	
Special Revenue:						
State Construction Account	33,932					
Local Government Distributive	93,217			625		
Public Transportation	35,028					
Motor Fuel Tax	21,149			52,989		
Road	30,990			30,258	2,289	
Tourism Promotion	6,592			97		
Unemployment Compensation Special Administration	3,266					
Title III Social Security and Employment Services	499			5,101	2	
Personal Property Tax Replacement				80,408		
State and Local Sales Tax Reform				32,976		
County and Mass Transit District				18,552		
Build Illinois	9,450					
Downstate Public Transportation				5,096		
State Gaming				3,667		
Child Support Enforcement Trust				7,447		
Metro-East Transportation	3,308					
Rate Adjustment				4,833		
Resident's & Employee Benefit	3,448			17		
Other	32,425	662		15,321	11,374	
	273,304	662		257,387	13,665	
Debt Service:	9			7	884	
Capital Projects:						
ESCO COP Capital Projects		8,035				
Other				325	1,166	
		8,035		325	1,166	
Enterprise:						
State Lottery	25,103			1,618		
Commissary	178			3,434		
Other	8			128		
	25,289			5,180		
Internal Service:						
Communications Revolving	19,379	1,202		1,216	1	
Statistical Services Revolving	23,270	11		87		
State Garage Revolving	5,820	6		242	2	
Health Insurance Reserve	41,809	2,908		414		
Working Capital Revolving	4,370	11			2	
Other	349	3		272	8	
	94,997	4,141		2,231	13	
Trust and Agency:						
Expendable Trust -						
Unemployment Compensation Trust	2,356	78		3,282		
Other	631			20	53	
	2,987	78		3,302	53	
Pension Trust -						
State Employee's Retirement System	7,648			184		
Other	52	1,152		103		
	7,700	1,152		287		

Note 6 (continued)

Fund Type/Fund	Due From Other Funds	Due From Component Units	Due From Primary Government	Due To Other Funds	Due To Component Units	Due To Primary Government
Agency						
Sports Facilities Tax				3,224		
Public Assistance Recoveries Trust				53,740		
RTA Sales Tax Trust	18,552					
Social Services				13,399		
Other	2,104	133		9,396		
Total Trust and Agency	31,343	1,363		83,348	53	
Total (Memorandum Only) Primary Government	**635,476**	**55,041**		**635,476**	**210,869**	
Component Units						
Governmental	$ 147		$ 55	$ 1,127		
Proprietary:						
Housing Development Authority	16,755			15,775		
Industrial Revolving Fund	3,362			1,401		
Other	2		326	1,963		$ 698
University and College:						
Eastern Illinois University	31		1,495			3,602
Northern Illinois University	2,586		5,004	2,503		42
Southern Illinois University	5,422		12,449	5,047		5,274
University of Illinois	11,144		183,818	11,606		44,190
Other	1,880		7,722	1,907		1,235
Total Component Unit	**41,329**		**210,869**	**41,329**		**55,041**
Total (Memorandum Only) - Reporting Entity	**$ 676,805**	**$ 55,041**	**$ 210,869**	**$ 676,805**	**$ 210,869**	**$ 55,041**

7 LOANS AND NOTES RECEIVABLE

Loans and notes receivable (amounts expressed in thousands) at June 30, 1997 consisted of the following:

In the accompanying financial statements, the General and Special Revenue fund types reflect loans and notes receivable of $91.2 million. Fund balances in the amount of $78.8 million have been reserved to indicate their long-term nature and that they are not available to meet current appropriation or expenditure needs.

	Fund Types				Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Enterprise	Primary Government	Component Units
Mortgage loan program	$ 84	$ 128			$ 212	$ 1,661,323
Student loan program	7,732	1,117		$ 748,921	757,770	105,488
Business loan program	47,482	14,697			62,179	243
Port districts construction	15,578				15,578	
Other	2,374	36,891	$ 25,500		64,765	2,157
	73,250	52,833	25,500	748,921	900,504	1,769,211
Less: Allowance for uncollectible accounts	29,135	5,739		2,525	37,399	34,414
Loans and notes receivable, net	**$ 44,115**	**$ 47,094**	**$ 25,500**	**$ 746,396**	**$ 863,105**	**$ 1,734,797**

A portion of the General fund type business loan programs ($34.2 million) represents various funds' pooled resources that the State has invested in a pilot mortgage program since fiscal year 1983. The programs are categorized as commercial and hotel loans as discussed below.

Commercial Loans - During fiscal year 1989, two of the remaining business loans outstanding, with balances aggregating $6.0 million, were restructured. During fiscal years 1993 and 1994, the Treasurer recorded write-down provisions totaling $1.9 million (i.e., $1.7 million and $150 thousand, respectively). On August 24, 1994 one of these loans, with an original loan balance of $3.3 million was declared in default, and as such, has been classified as a nonperforming asset. At the balance sheet date, June 30, 1997 the Pilot Mortgage program trustee ("trustee") continues to move ahead with foreclosure action. On October 28, 1994, the other business loan was restructured. Subsequent to the end of the June 30, 1997 fiscal year, on August 11, 1997, the Treasurer received a payoff of $2.3 million representing the unpaid principle and interest.

Hotel Loans - Effective January 12, 1987, two of the program's outstanding mortgage loans aggregating $28.9 million were restructured. In the accompanying financial statements, the General and Special Revenue fund types reflect loans and notes receivable of $91.2 million. Fund balances in the amount of $78.8 million have been reserved to indicate their long-term nature and that they are not available to meet current appropriation or expenditure needs.

One of these loans with an original balance of $15.5 million was restructured again effective January 1, 1990. The remaining loan totaling $13.4 million in original value was restructured effective January 1, 1991. Through June 30, 1997, the Treasurer recorded a provision for the write-down of $17.1 million for these two properties based on independent valuations. These two loans have been classified as nonperforming assets.

In 1995, the Treasurer authorized the trustee to sell the mortgage notes. However, the Attorney General opined that both his and the Governor's consent were required, which was not provided. Affiliates of the owners of the hotel loans filed a lawsuit against the trustee and the Treasurer seeking specific performance of the buy-sell agreement on the agreed to terms. This lawsuit is still pending and the ultimate outcome of this proceeding is not presently determinable.

Subsequent to June 30, 1997, the trustee filed suit against the Hotel ventures for making improper deductions in determining payments due, creating a default and making the loan balances due upon demand. At the time of the filing of the suit, letters of credit with a value of $2.7 million, which serve as collateral for the loans of one of the properties were presented by the trustee for collection. A restraining order has been issued to prevent the collection of these letters of credit. The outcomes of the ruling on the restraining order and related litigation is not presently determinable. The write-down of the above Hotel and Commercial loans is not considered forgiveness of the obligations and collection efforts will continue for the entire loan balance, including principal and interest.

Student loans made by the Illinois Student Assistance Commission make up the entire loans and notes receivable balance in the Enterprise fund type. The Illinois Housing Development Authority's mortgage loans of $1.6 billion comprise nearly all of the Component Unit Mortgage loans.

8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (amounts expressed in thousands) at June 30, 1997 consisted of the following:

	Fund Types						
	General Fixed Assets Account Group	Enterprise	Internal Service	Non-Expendable Trust	Pension Trust	Total (Memorandum Only) Primary Government	Component Units
Land and land improvements	$ 586,369		$ 335	$ 104	$ 1,850	$ 588,658	$ 3,033,574
Buildings and building improvements	2,851,786		16,801		13,793	2,882,380	2,961,779
Equipment	1,301,806	$ 12,029	196,048		19,762	1,529,645	2,054,885
Construction in progress	93,910					93,910	434,418
	4,833,871	12,029	213,184	104	35,405	5,094,593	8,484,656
Less: Accumulated depreciation		7,917	163,474		14,771	186,162	1,309,165
	$ 4,833,871	**$ 4,112**	**$ 49,710**	**$ 104**	**$ 20,634**	**$ 4,908,431**	**$ 7,175,491**

Changes in general fixed assets (amounts expressed in thousands) for the year ended June 30, 1997 are presented below:

	Balance July 1, 1996	Additions	Deletions/ Net Transfers	Balance June 30, 1997
Land and land improvements	$ 566,307	$ 12,905	$ (7,157)	$ 586,369
Buildings and building improvements	2,671,526	82,662	(97,598)	2,851,786
Equipment	1,270,154	131,575	99,923	1,301,806
Construction in progress	80,227	201,320	187,637	93,910
	$ 4,588,214	**$ 428,462**	**$ 182,805**	**$ 4,833,871**

Construction in progress (amounts expressed in thousands) for general fixed assets, and component units as of June 30, 1997 is composed of the following:

Project	Project Authorization	Expended through June 30, 1997	Committed	Available Authorization
General Fixed Assets Account Group -				
Medium Security Correctional Center	$ 69,000	$ -	$ -	$ 69,000
TAMMS Super Maximum Facility	61,445	50,447	8,688	2,310
Forensic Unit, Elgin MHC	33,975	21,529	4,902	7,544
Other	469,059	21,934	135,495	311,630
Total	**$ 633,479**	**$ 93,910**	**$ 149,085**	**$ 390,484**
Component Units -				
State Toll Highway Improvements	$ 333,725	$ 205,725	$ 128,000	$ -
Chemical Life Sciences Laboratory - U of I	58,760	58,107	-	653
Ambulatory Care Facility - U of I	55,600	8,370	30,184	17,046
Science Building - ISU	29,400	27,927	1,473	-
Faraday Engineering Building - NIU	28,138	26,744	626	768
Faraday Hall Addition - NIU	26,840	25,709	1,082	49
Assembly Hall Addition & Remodeling - U of I	11,616	1,601	8,895	1,120
Total	**$ 544,079**	**354,183**	**$ 170,260**	**$ 19,636**
Projects less than $10,000		80,235		
Total		**$ 434,418**		

9 NOTES PAYABLE

The State agencies listed below generally issue short-term notes, normally secured by specific revenue sources, to provide temporary financing. Outstanding notes payable (amounts expressed in thousands) at June 30, 1997 were as follows:

Fund Type/Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Primary Government -			
Enterprise:			
Illinois Student Assistance Commission	$ 95,954	See Below	Demand
Component Unit -			
Proprietary:			
Southwestern Illinois Development Authority	100	--	2008
Universities and Colleges:			
Northern Illinois University	2,161	5% to 7.5%	2002
Northeastern Illinois University	348	6%	2020
Southern Illinois University	1,671	3%	2009
University of Illinois	1,865	6% to 9%	2000
	6,045		
Total Component Units	6,145		
Total (Memorandum Only) Reporting Entity	**$ 102,099**		

Illinois Student Assistance Commission (ISAC) -

The Commission is authorized to issue Student Loan Revenue Notes. The notes and related interest are payable solely from the revenues and other resources of the Commission. On June 30, 1997, the Commission had $96 million of notes outstanding due 2005 or upon demand. The interest rate is 69.875% of the weekly 91-day U.S. Treasury bill rate, with a minimum interest rate of 3.38% and a maximum interest rate of 11.725%.

Southwestern Illinois Development Authority (SWIDA) -

The SWIDA has obtained a note payable from the Department of Commerce and Community Affairs in the amount of $100 thousand, the proceeds of which were used for start-up costs. This note is non-interest bearing and matures on July 1, 2008.

Universities and Colleges -

Universities and colleges have issued notes payable aggregating $6.0 million at June 30, 1997. The notes are generally secured through revenues (i.e., lease payment agreements) derived from the operations of the projects constructed, although portions of the notes outstanding are unsecured.

10 RETIREMENT SYSTEMS

Plan Descriptions. The State of Illinois sponsors five defined benefit public employee retirement systems ("PERS") that are included in the State's financial statements as pension trust funds. The State Employees' Retirement System ("SERS"), General Assembly Retirement System ("GARS"), and Judges' Retirement System ("JRS") are the administrators of single-employer defined benefit pension plans. The SERS, GARS, and JRS are governed by articles 14, 2, and 18, respectively, of the Illinois Pension Code (40 ILCS 5/1, et. al.).

The Teachers' Retirement System ("TRS") and the State Universities Retirement System ("SURS") are the administrators of defined benefit pension plans with "special funding situations." The State of Illinois is legally mandated to make contributions by appropriations to the TRS and SURS. The TRS provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. The SURS provides coverage to faculty and staff of State universities, community colleges and related agencies even though some covered employees are not State employees. Because the State contributes most of the TRS and SURS employer contributions, the single employer provisions of GASB Statement 27 have been followed for reporting those systems in the statewide CAFR. The TRS and SURS are governed by articles 16 and 15, respectively, of the Illinois Pension Code.

Each of the five State-sponsored retirement systems provide retirement, death and disability benefits to members and beneficiaries. Each plan also issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan as follows:

- State Employees Retirement System, 2101 S. Veterans Parkway, Springfield, Illinois, 62794-9255, (217)785-2340.
- General Assembly Retirement System and Judges' Retirement System, 2101 S. Veterans Parkway, Springfield, Illinois, 62794-9255, (217)782-8500.
- Teachers Retirement System, 2815 W. Washington Street, PO Box 19253, Springfield, Illinois 62794-9253, (217)753-0311.
- State Universities Retirement System, 1901 Fox Drive, Champaign, Illinois 61820, (217)378-8800.

Funding Policy and Annual Pension Cost. Member contributions are based on fixed percentages set by statute ranging from 4% to 11.5%. The State's funding requirements have been established by statute (Public Act 88-593) effective July 1, 1995 and provides for a systematic 50-year funding plan with an

ultimate goal to achieve "90% funding" of the systems' liabilities. In addition, the new funding plan provides for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Once the 15-year phase-in period is complete, the State's contribution will then remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. As illustrated in Table 1, the State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 1997. The current statutory law includes a "continuing appropriation," which means that the State must automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process.

The statutory funding requirement discussed above differs significantly from the annual pension cost ("APC") because the statutory plan does not conform with the GASB Statement 27 accounting parameters. The State's APC for the current year and related information for each plan (dollar amounts expressed in thousands) are included in Table 1.

The net pension obligation at transition ("NPO") reported in Table 1 was computed in accordance with GASB Statement 27. The State's beginning accrued retirement costs recorded in the General Long-Term Obligations Account Group was reduced $1,852 million from $11,026 million to $9,174 million to reflect the new GASB standard.

***TABLE I** (dollar amounts in thousands)*

	SERS	TRS	SURS	JRS	GARS
Actuarially required contribution ("ARC")	$211,125	$927,842	$634,831	$26,022	$4,939
Plus: Interest on net pension obligation ("NPO")	83,089	408,248	242,437	12,073	2,361
Adjustment to the ARC	(52,323)	(232,116)	(126,539)	(6,423)	(1,256)
Annual pension cost ("APC")	241,891	1,103,974	750,729	31,672	6,044
Employer contributions	158,180	395,348	182,041	13,751	2,787
Increase in NPO	83,711	708,626	568,688	17,921	3,257
NPO at transition per GASB Statement 27	1,038,607	5,103,100	2,852,200	150,918	29,516
NPO at June 30, 1997	$1,122,318	$5,811,726	$3,420,888	$168,839	$32,773
			3,213,690	164,769	
Required contribution amounts/rates:					
* Statutory required contribution-State	$149,070	$395,269	$179,547	$13,747	$2,738
Members	4%-9.5%	8%	8.0%-9.5%	11.00%	11.50%
Actuarial valuation date	6/30/97	6/30/97	6/30/97	6/30/97	6/30/97
Actuarial cost method	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit
Amortization method	Level % of pay	Level % of pay	Level % of pay	Level % of pay	Level % of pay
Remaining amortization period	40 years, open	40 years, open	40 years, open	40 years, open	40 years, open
Actuarial asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumptions:					
Investment rate of return	8.50%	8.50%	8.50%	8.00%	8.00%
Projected salary increases	.5% to 4.7%	6.0-9.3% **	5.50%	6.00%	6.50%
Postretirement benefit increases	3.0%	3.0%	3.0%	3.0%	3.0%
Inflation rate	3.50%	4.0%	5.25%	4.0%	4.0%

* Public Act 88-0593 provides for 50-year funding including 15-year phase-in of employer contributions as a percentage of active member payroll increasing until fiscal year 2010, and remaining at that level until fiscal year 2045 when the Systems' funded ratios will be 90%.
** Composite, 7%.

Trend Information. For the transition year, the annual pension cost, percentage of annual pension cost contributed for the year and the NPO at the end of the year are presented in Table II, below:

TABLE II (dollar amounts in thousands)

	Year Ended *	Annual Pension Cost ("APC")	% of APC Contributed	Net Pension Obligation
SERS	6/30/97	$241,891	65.39%	$1,122,318
TRS	6/30/97	$1,103,974	35.81%	$5,811,726
SURS	6/30/97	$750,729	24.25%	$3,420,888
JRS	6/30/97	$31,672	43.42%	$168,839
GARS	6/30/97	$6,044	46.11%	$32,773

* Fiscal year 1997 is the only year that information in accordance with the "parameters" is available.

Postemployment Benefits. In addition to providing pension benefits, the State Employees Group Insurance Act requires that the State pay the cost of basic noncontributory health and dental, and life insurance benefits to annuitants who are former State employees. This includes annuitants of all of the State's retirement systems, excluding the TRS.

Effective January 1, 1996, legislation transferred the administration of the TRS health insurance program to the Illinois Department of Central Management Services ("CMS"). The legislation also established a funding mechanism consisting of a one-half of 1 percent contribution from active teachers and matching appropriations from the State to pay the subsidy portion of participating annuitants during fiscal year 1996 and thereafter. Persons enrolling in TRS managed care or residing in areas with no managed care receive a 75% premium subsidy. All others receive a 50% subsidy. At June 30, 1997, 31,200 TRS annuitants were enrolled in the health plan, receiving $49.5 million in direct cash subsidies. The teachers health insurance program is accounted for in the Teachers Health Insurance Security Fund, an enterprise fund. TRS will continue to be responsible for program enrollment and eligibility determination. CMS will be responsible for providing information and consultation to plan participants.

Substantially all of the State's employees may become eligible for postemployment benefits if they eventually become an annuitant. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to $5,000 per annuitant age 60 and older. For fiscal year 1997, the State did not segregate payments made to annuitants from those made to current employees for health and dental, and life insurance benefits. The total cost of all members including postemployment health and dental, and life insurance benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are financed on a pay-as-you-go basis. For fiscal year 1997, the cost of providing postemployment health and dental, and life insurance benefits for approximately 59,000 annuitants was estimated to be $163.9 million and $6.3 million, respectively.

Subsequent to the balance sheet date, Public Act 90-0065 was enacted which changed the retirement benefit formula for SERS and SURS from a step rate formula to a flat rate formula. The increased retirement benefit formula is applicable to all eligible members with a retirement effective date on and after January 1, 1998.

11 GENERAL OBLIGATION BONDS

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source. In addition, bonds have been authorized to refund any general obligation bonds outstanding.

The State Constitution provides that the State may issue general obligation bonds for specific purposes in such amounts as provided either by the General Assembly with a three-fifths vote of each house or by a majority of voters in a general election. The enabling acts pursuant to which the bonds are issued provide that all bonds issued thereunder shall be direct obligations of the State of Illinois and pledge the full faith and credit of the State. General obligation bonds are redeemed over a period not to exceed 30 years, from available resources in the debt service funds. However, the State of Illinois has generally issued 25 year serial bonds with equal amounts of principal maturing each year except for capital appreciation and refunding bonds which mature in varying amounts. Additionally, Illinois offerings, with the exception of anti-pollution bonds, generally have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and at a redemption price not to exceed 102% of par value.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1997 are as follows:

Purpose	Outstanding Interest Rates	Outstanding Amount	Authorized but Unissued
Capital development	3.25% to 9.50%	$ 2,044,262	$ 895,486
Transportation	3.50% to 9.50%	1,766,400	194,427
Anti-Pollution	3.50% to 12.0%	316,484	35,428
School construction	3.50% to 7.90%	97,035	42,425
Coal development	3.75% to 7.10%	39,025	104,014
Refunding	3.90% to 6.70%	1,391,191	355,911
		$ 5,654,397	$ 1,627,691

Changes in general obligation bonds during the year ended June 30, 1997 are summarized in Note 15. Future general obligation debt service requirements (amounts expressed in thousands) at June 30, 1997 are as follows:

Year Ending June 30	Principal	Interest	Total
1998	$ 478,825	$ 207,690	$ 686,515
1999	463,100	190,862	653,962
2000	459,175	174,955	634,130
2001	465,255	159,826	625,081
2002	417,365	144,867	562,232
Thereafter	4,353,190	1,046,139	5,399,329
	$ 6,636,910	$ 1,924,339	$ 8,561,249
Less: Unaccreted appreciation	982,513		
	$ 5,654,397		

On February 25, 1997, the State issued $250 million in general obligation bonds. A portion thereof, $84.9 million, with an average interest rate of 4.67%, plus a reoffering premium of $ .9 million was used to advance refund $80.8 million of certain callable maturities of previously issued general obligation bonds which had interest rates ranging from 6.1% to 11.5%. The principal of the refunded bonds will be redeemed on various dates through 2000 at redemption prices ranging from 101% to 102%. The net proceeds of $84.8 million (after payment of $1.0 million in underwriting fees and insurance costs) were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group. At June 30, 1997, the outstanding balance of the defeased bonds is $22.2 million.

This advance refunding transaction has reduced the State's aggregate debt service payments by $4.9 million resulting in an economic gain or present value savings (difference between the present values of the debt service payments on the old and new debt) of $4.2 million over the life of the refunded bonds.

In prior years, the State defeased certain callable maturities of general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 1997, the outstanding balance of these defeased bonds is $227.4 million. These bonds, bearing interest at rates ranging from 5.8% to 11.75%, are to be redeemed on various dates through 2001 at redemption prices varying from 100% to 102%.

Subsequent to June 30, 1997, the State authorized two additional general obligation bond issues. On July 31, 1997, $100 million of general obligation bonds were issued which mature annually from 1998 through 2022 and bear interest at rates ranging from 4.25% to 5.20%. In addition, on November 13, 1997, approximately $168.3 million of general obligation college savings bonds (accretion bonds having a par value of approximately $301 million at maturity) were issued which mature annually from 2001 through 2019 and bear interest (yields to maturity) at rates ranging from 4.20% to 5.35%.

12 SPECIAL OBLIGATION BONDS

Special obligation bonds have been authorized and issued to provide funds for the Build Illinois Program, the State's Metropolitan Civic Center Support Program, and to refund any bonds previously issued under these programs.

The Build Illinois Program was implemented to expand the State's efforts in economic development by providing financing in certain areas. These areas include construction, reconstruction, modernization, and extension of the State's infrastructure; development and improvement of educational, scientific, technical and vocational programs and facilities; expansion of health and human services in the State; protection, preservation, restoration, and conservation of the State's environmental and natural resources; and provision of incentives for the location and expansion of businesses in Illinois resulting in increased employment.

The State's Metropolitan Civic Center Support Act (Support Act) was amended on September 3, 1985, to allow the issuance of bonds to refinance the State's Metropolitan Civic Center Support Program and to provide additional capital for new projects to be financed under the Support Act. The refinancing of the State's Metropolitan Civic Center Support Program is discussed further in Note 14. The Support Act was amended further on September 11, 1990, to allow the issuance of bonds for making construction and improvement grants by the Secretary of State, as State Librarian, to public libraries and library systems. Special obligation bonds are payable primarily from dedicated portions of the State's sales tax and the horse racing privilege tax and are redeemed over a period of not more than 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Special obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1997 are as follows:

Purpose	Outstanding Interest Rates	Outstanding Amount	Authorized but Unissued
Build Illinois:			
Public infrastructure	3.9% to 7.5%	$ 606,055	$ 116,400
Business development	5.6% to 7.5%	7,412	1
Education	3.9% to 7.5%	284,276	(7,817)
Environment	3.9% to 7.5%	11,499	1,395
Refunding	3.9% to 7.0%	804,336	Unlimited
		1,713,578	109,979
Civic Center:			
Civic centers	5.5% to 9.2%	77,261	115,892
Libraries	5.5% to 6.4%	9,253	747
Refunding	6.00% to 7.35%	85,075	Unlimited
		171,589	116,639
		$ 1,885,167	$ 226,618

Bonds issued in excess of authorized amounts for Education will be eliminated through reallocations from future bond sales.

Changes in special obligation bonds during the year ended June 30, 1997, are summarized in Note 15. Future special obligation debt service requirements (amounts expressed in thousands) at June 30,1997, are as follows:

Year Ending June 30	Principal	Interest	Total
1998	$ 71,510	$ 100,004	$ 171,514
1999	74,090	96,134	170,224
2000	76,310	93,335	169,645
2001	77,555	90,460	168,015
2002	78,955	87,419	166,374
Thereafter	1,622,855	793,941	2,416,796
	$ 2,001,275	$ 1,261,293	$ 3,262,568
Less: Unaccreted appreciation	116,108		
	$ 1,885,167		

In prior years, the State defeased certain callable maturities of Build Illinois and Civic Center bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the defeased bonds are not included in the accompanying financial statements. At June 30, 1997, the outstanding balance of the defeased bonds is $492.2 million. These bonds have interest rates ranging from 5.6% to 8.0% and their principal is to be redeemed on various dates through 2008 at redemption prices varying from 100% to 105%.

13 REVENUE BONDS

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. The bond indentures include a pledge from these agencies and authorities that income derived from acquired or constructed assets be used to retire the debt and service related interest. In addition, certain authorities have issued debt which is classified as "conduit" debt of the State. Revenue bonds issued by individual agencies are supported by fees, rentals, tolls assessed to users and loan repayments. Issuing agencies of the primary government include the Illinois Student Assistance Commission (Student Loan Revenue Bonds) and the State Universities Retirement System of Illinois (State Universities Retirement System Special Revenue Bonds). Component unit issuing agencies include the Illinois Housing Development Authority (Housing Development, Multi-Family Housing, Residential Mortgage, Multi-Family Program, Homeowner Mortgage Revenue and Affordable Housing Program Trust Fund Bonds), Illinois State Toll Highway Authority (Construction Revenue Bonds), Illinois Rural Bond Bank (Bond Bank Revenue Bonds), and universities consisting of Chicago State University, Eastern Illinois University, Northeastern Illinois University, Western Illinois University, Illinois State University, Northern Illinois University, Southern Illinois University and the University of Illinois (University Revenue Producing Facilities Construction Bonds).

Bonds outstanding (amounts expressed in thousands) at June 30, 1997, net of unamortized discounts, are as follows:

Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Primary Government -			
Enterprise:			
Illinois Student Assistance Commission	$ 950,993	4.10% to 18.000%	2031
Trust:			
State Universities Retirement System	16,144	7.25% to 7.450%	2005
Total (Memorandum Only) Primary Government	**$ 967,137**		
Component Unit -			
Proprietary:			
Illinois Housing Development Authority	$ 2,027,502	3.65% to 15.000%	2031
Illinois State Toll Highway Authority	930,850	3.50% to 6.375%	2017
Illinois Rural Bond Bank	64,690	4.10% to 7.300%	2027
	3,023,042		
Universities and Colleges:			
Chicago State University	23,385	4.75% to 6.150%	2023
Eastern Illinois University	43,826	4.15% to 7.100%	2018
Northeastern Illinois University	6,505	3.95% to 6.200%	2017
Western Illinois University	39,437	4.10% to 6.850%	2020
Illinois State University	62,584	4.30% to 7.350%	2016
Northern Illinois University	84,976	4.50% to 10.050%	2022
Southern Illinois University	68,257	4.45% to 6.750%	2023
University of Illinois	368,827	3.00% to 9.700%	2026
	697,797		
Total Component Unit	**3,720,839**		
Total (Memorandum Only) Reporting Entity	**$ 4,687,976**		

Changes in revenue bonds during the year ended June 30, 1997 are summarized in Note 15.

Revenue bond debt service requirements, principal and interest, (amounts expressed in thousands) as of June 30, 1997 are as follows:

Year Ending June 30	Primary Government					
	Enterprise		Trust		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1998	$ 27,785	$ 112,218	$ -	$ -	$ 27,785	$ 112,218
1999	41,183	110,771	-	-	41,183	110,771
2000	41,394	108,545	-	-	41,394	108,545
2001	35,415	106,146	-	-	35,415	106,146
2002	34,155	103,900	-	-	34,155	103,900
Thereafter	777,890	1,392,341	25,825	-	803,715	1,392,341
	$ 957,822	$ 1,933,921	$ 25,825	$ -	$ 983,647	$ 1,933,921
Less: Unaccreted appreciation	1,115		9,681		10,796	
	$ 956,707		**$ 16,144**		**$ 972,851**	

Year Ending June 30	Component Units					
	Proprietary		University and College		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1998	$ 71,740	$ 188,024	$ 28,795	$ 21,996	$ 100,535	$ 210,020
1999	65,230	185,457	32,175	22,737	97,405	208,194
2000	74,640	182,230	33,945	22,987	108,585	205,217
2001	79,960	178,134	35,820	22,003	115,780	200,137
2002	87,470	173,869	29,065	20,901	116,535	194,770
Thereafter	2,818,575	2,117,583	835,814	241,870	3,654,389	2,359,453
	$ 3,197,615	$ 3,025,297	$ 995,614	$ 352,494	$ 4,193,229	$ 3,377,791
Less: Unaccreted appreciation	156,837		293,886		450,723	
	$ 3,040,778		$ 701,728		$ 3,742,506	

Total principal debt service requirements for the primary government include bond discounts of $5.7 million for enterprise funds. Component unit bond discounts include $17.8 million for proprietary funds and $3.9 million for university funds.

Illinois Student Assistance Commission (Commission) -

The Commission issues student loan revenue bonds, the proceeds of which are used to purchase student loans from eligible lenders and to issue Stafford subsidized and nonsubsidized loans to Illinois residents. The bonds mature annually in varying amounts, bearing interest ranging from 3.9% to 18%. Bonds outstanding exclusive of refunding issues may not exceed $1,150 million ($951.0 million was outstanding at June 30, 1997, net of $5.7 million of unamortized discounts). All student loans purchased by the Commission and all loans financed from the proceeds of bonds issued, along with all revenues received from or on account of these bonds, are pledged as collateral for the bonds. Any losses are guaranteed as to principal and interest by the Commission's Guarantee Loan Program, which can be subrogated to the United States Department of Education.

The bond resolutions provide for early retirement for various bond issues at rates ranging from 100% to 102.5% of par value, with premiums decreasing periodically until unmatured bonds can only be retired at par value. Pursuant to the bond resolutions, reserves for bond retirement and interest payments aggregated $79.4 million at June 30, 1997.

Included in the $951 million of outstanding revenue bonds are $314 million of taxable revenue bonds, (Series B, Series C , Series D, Series 1996A and 1996B, and Series 1997B and 1997JJ), the proceeds of which were used to purchase student loans. The bonds mature at various dates, bearing interest rates as determined by the remarketing agent that would enable the bonds to be sold at a price equal to their principal amount, but not to exceed 18% per annum for the Series B and Series C bonds, 15% per annum for the Series D and Series 1996B bonds, 12% per annum for the Series 1996A bonds, 15% per annum for the Series 1997B bonds and 17% per annum for the Series 1997JJ bonds.

The bonds, if in a weekly or monthly mode, are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the remarketing agent. The remarketing agent is authorized to sell the repurchased bonds at a price equal to their principal amount by adjusting the interest rate.

Irrevocable letters of credit have been issued by various credit facilities in order to permit the Trustee to draw amounts to pay the tender price of the taxable revenue bonds tendered for payment under early redemption and demand provisions of the bond issues. Under these letters of credit, the various credit facilities, acting as tender agent, paying agent, and bond registrar for the respective bond issues are entitled to draw the amount needed (a) to pay interest on the bonds on each interest payment date; (b) to pay principal and interest on the bonds called for redemption; (c) to pay principal and interest on the bonds resulting from an acceleration of maturity due to an event of default; and (d) to pay the tender price of bonds tendered or required to be tendered for purchase which is not to be paid from remarketing proceeds or from certain funds held under the indenture. The letters of credit have variable

interest rates ranging from the Federal funds rate plus .5% to 20% per annum and expire at various dates from December 1, 1997 through February 25, 2002. If the remarketing agent is unable to resell any bonds that are "put" within 180 days of the "put" date, the Commission is required to repay the amounts drawn on the letters of credit for the redemption of these bonds. Repayments of amounts drawn on the letters of credit will be made by the Commission from the trustee accounts.

The Commission is required to pay to the credit facilities an origination fee based on the line of credit amounts and thereafter, a quarterly commitment fee based on the available amount of the letters of credit. Quarterly commitment fees currently in effect range from .45% to .60% of the available amount of the letters of credit.

State Universities Retirement System (System)-

The System issued revenue bonds to finance the design, acquisition, construction and equipping of a new permanent administrative office building. The bonds are capital appreciation bonds with interest rates ranging from 7.25% to 7.45%. These bonds are payable solely from and secured by a pledge of and first lien on the net revenues derived from investments of the System. They are not payable from any employer or employee contributions to the System. The bond resolutions do not provide for early redemption prior to maturity. At June 30, 1997, bonds outstanding were $16.1 million.

Illinois Housing Development Authority (IHDA) -

The IHDA was created in 1967 to increase the production of low and moderate income housing in Illinois by providing mortgage loans. The IHDA is authorized to have bonds and notes outstanding in an aggregate principal amount not to exceed $3,600 million exclusive of refunding issues. Bonds issued must mature within 50 years from the date of issue, bearing interest rates as determined by the IHDA. Subsequent to July 1, 1983, the maximum interest rate cannot exceed 11% or 70% of the prime rate, whichever is greater. All revenue bonds issued to provide mortgage loans are secured by first mortgage liens on the related developments.

In the event that IHDA determines that funds will not be sufficient for the payment of the principal of and interest on its bonds during the next succeeding State fiscal period, the Chairman of IHDA shall certify to the Governor on or before September of the then current State fiscal period the amount required by IHDA to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds for IHDA.

At June 30, 1997, bonds outstanding aggregated $2,045.2 million, before unamortized discounts of $17.7 million. Sinking funds established pursuant to bond resolutions at year end aggregated $95.6 million. The bonds mature annually through 2031, bearing interest from 3.65% to 15%. The bonds provide for early redemption at the option of IHDA, in whole or in part, in inverse order of maturity at varying premiums which decrease periodically.

Included within the $2,045.2 million of outstanding revenue bonds are $354 million of Multi-Family Program Bonds, $500.1 million of Homeowner Mortgage Revenue Bonds and $104 million of Affordable Housing Program Trust Fund Bonds which are not a debt of the State of Illinois and, therefore, the State of Illinois is not liable for them. However, $308.2 million of the Multi-Family Program Bonds are direct and general obligations of the IHDA and the full faith and credit of the IHDA is pledged for their repayment. The remainder of the bonds are special, limited obligations of the IHDA with a claim for payment solely from pledged property.

The IHDA has also issued $69.8 million of Housing Revenue Bonds, Series 1985 which are secured by a joint and several guaranty of the Metropolitan Life Insurance Company, Pittway Corporation and Metro Properties, to provide construction and permanent financing for one development with 600 dwelling units. On May 13, 1987, this guaranty was replaced by a guaranty from Fuji Bank and approved by the bondholders of the Housing Revenue Bonds. In addition, the IHDA has issued $12.4 million of Multi-Family Mortgage Revenue Bonds, Series 1989 which are secured by a guarantee of the Government National Mortgage Association, to provide construction and permanent financing of multi-family housing development of which certain units are intended for occupancy by low to moderate income persons. Also, the IHDA has issued $70.9 million of Multi-Family Housing Revenue Bonds, Series 1991, Series 1993 and Series 1995. The Series 1991 and Series 1995 bonds were used to finance the costs of acquiring, rehabilitating and equipping multi-family residential rental housing projects. The Series 1993 bonds were used to refund on a current basis a portion of the

IHDA's Multi-Family Housing Bonds. Additionally, the IHDA has issued $61.8 million of Section 8 Housing Revenue Bonds, the proceeds of which were used to (1) provide financing for the acquisition of several developments, (2) pay issuance costs, and (3) fund debt service reserves. These bonds are special, limited obligations of the IHDA and can only be repaid from payments received with respect to the mortgage loans. The bonds are not a debt of the IHDA or the State of Illinois and neither are liable on the bonds. They are, however, included in the IHDA's authorized debt limitation. As of June 30, 1997, $213.8 million of these bonds were outstanding.

Subsequent to June 30, 1997, the IHDA issued Homeowner Mortgage Revenue Bonds, 1997 Series B, in the amount of $126.4 million and 1997 Series C-1, C-3, and C-5 in the aggregate amount of $52.1 million. The 1997 Series B bonds bear interest at rates ranging from 4.1% to 4.15%, and are subject to mandatory tender no later than July 7, 1998. The 1997 Series C-1, C-3 and C-5 bonds bear interest at rates ranging from 4.00% to 7.74%, and mature from 1999 through 2029. The IHDA also issued Owner Occupied Housing Revenue Bonds, 1997 Series A, in the amount of $17.5 million which were redeemed on August 21, 1997. In addition, the IHDA issued Multi-Family Housing Revenue Bonds Series 1997A and 1997B in the aggregate amount of $12.6 million. These bonds are special limited obligations of the IHDA, and do not constitute an indebtedness or an obligation of the IHDA or the State of Illinois. They do, however, apply toward the IHDA's authorized debt limitation.

Illinois State Toll Highway Authority (THA) -

The THA issued revenue bonds to finance construction of the State toll highway system and to refund all currently outstanding bonds of the Authority. The bond resolutions provide for early redemption at the option of the THA, in whole or in part, at a cost not to exceed 102% of par value, declining periodically through December 31, 2004. All unmatured bonds outstanding January 1, 2005, are redeemable thereafter at par. In accordance with the provisions of the bond resolutions, debt reserves on deposit with and invested by the Bond Trustee at June 30, 1997, aggregated $148.9 million.

Included within the THA's outstanding revenue bonds are $323.6 million of refunding revenue bonds, Series 1993B for $178.2 million and Series 1996A for $145.4 million. The Series 1993B bonds mature in 2010, and bear interest rates as determined by the remarketing agent that would result in the market value of the bonds being 100% of the principal amount, plus accrued interest, but not to exceed 22% per annum. The Series 1996A bonds mature at various dates through 2009, and bear interest rates ranging from 4.7% to 6.0%.

The Series 1993B bonds, if in a daily mode, are subject to purchase by demand of the holder at a price equal to the principal amount plus accrued interest on notice and delivery to the remarketing agent. If the bonds are in any other interest mode except a fixed rate, they are subject to purchase by demand of the holder at the same price but on seven days' notice and delivery to the remarketing agent.

If the remarketing agent is unable to resell any bonds that are "put", the THA has entered into a reimbursement agreement with Societe Generale (New York Branch) to purchase the bonds. The purchased bonds rate will be equal to the prime lending rate plus 2% per annum, however, not to exceed 22% per annum. Under an irrevocable letter of credit issued by Societe Generale, the First Chicago Trust Company of New York, New York, NY, acting as tender agent, is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. The letter of credit is valid through December 31, 2009 and such payment shall be made by the delivery of purchased bonds.

The THA was required to pay to Societe Generale, on the date of closing of the letter of credit an origination fee of .05% per annum of the face amount of the letter of credit. In addition, the THA must pay .20% per annum of the maximum available amount to be drawn under the letter of credit. In conjunction with the issuance of the Series 1993B bonds, the THA entered into an interest rate swap, with Societe Generale, to mitigate the effect of changes in interest rates on its demand bonds. The swap effectively changes the THA's interest costs on the $178.2 million Series 1993B bonds due in 2010 to a fixed rate of 4.92% for the life of the bonds. The THA is exposed to credit risk of nonperformance by Societe Generale. This risk could result in the THA's not receiving the agreed upon payments from Societe Generale if the variable interest rate exceeds 4.92%. However, the THA does not anticipate nonperformance. The amounts shown in the schedule of revenue bond debt service requirements are based on the fixed rate effects of this interest rate swap.

Illinois Rural Bond Bank (Bank) -

The Bank issues revenue bonds and notes whose proceeds are used for (1) the purchase of securities of local Illinois governmental units to include the establishing or increasing reserves in securing the

payment of the bonds and/or interest on the bonds and (2) to pay, fund or refund any bonds issued by the Bank. The Bank is authorized to have bonds and notes outstanding in an aggregate original principal amount not to exceed $150 million.

In the event that the Bank determines that funds will not be sufficient for the payment of the principal and interest on its bonds and notes, the Chairman of the Bank shall certify to the Governor, as soon as possible, the amount required by the Bank to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget as soon as practically possible; however, the General Assembly has no obligation to appropriate funds for the Bank.

At June 30, 1997, bonds outstanding aggregated $64.7 million. Sinking funds established pursuant to bond resolutions at year end aggregated $1 million. The bonds mature annually through 2027, bearing interest rates from 3.0% to 7.3%. The bonds provide for early redemption at the option of the Bank, in whole or in part, for bonds maturing on various dates between February 1, 2001 through January 31, 2007 at 102% of par, with the premium decreasing periodically until February 1, 2008, after which unmatured bonds can only be redeemed at par value.

Included within the $64.7 million of outstanding revenue bonds are $9.1 million of bonds which do not require the Governor to include in the State budget the amount necessary for payment of principal and interest. Payment of principal and interest on these bonds is guaranteed by financial guaranty bonds issued by Capital Guaranty Insurance Company for $3.8 million of outstanding bonds and AMBAC for $5.3 million of outstanding bonds.

Universities and Colleges -

The Boards of Chicago State University, Eastern Illinois University, Northeastern Illinois University, Western Illinois University, Illinois State University, Northern Illinois University, Southern Illinois University, and the University of Illinois (hereinafter the "Boards"), as empowered by enabling acts, have issued various revenue bonds to support construction of student housing and other revenue producing facilities at State universities. These bonds do not constitute general obligations of either the State of Illinois or the Boards but, together with interest thereon, are payable solely from and are secured by, subject to the prior pledge and lien of existing refunded bonds, (i) the net revenues of the Boards; (ii) debt service grants; (iii) income received from certain special accounts; (iv) retained tuition fees (subject to prior payment of related operating and maintenance expenses); (v) certain debt service reserves; (vi) certain repair and replacement reserves; and (vii) the principal of the special accounts arising on refundings, all as defined in the various bond resolutions. In accordance with provisions of the bond resolutions, debt service funds and reserves on deposit aggregated $165.9 million at June 30, 1997. The bonds are callable prior to their maturity in accordance with the provisions of the bond resolutions, including premiums of up to 5%.

Contingent Liabilities -

Metropolitan Pier and Exposition Authority (McCormick Place) -

In September 1991, the State amended the Metropolitan Pier and Exposition Authority Act (Act) to authorize the issuance of $937 million of additional bonds to finance another expansion of McCormick Place, to be effective July 1, 1992. The Act also authorizes the McCormick Place to levy certain taxes (MPEA Taxes) to secure the additional bonds and for certain other purposes. The MPEA Taxes would include (i) a sales tax within portions of the City of Chicago on food, alcoholic beverages, and soft drinks sold for consumption on the premises and on certain sales for immediate consumption off the premises, (ii) a tax at the rate of 2.5% of the gross rental receipts of hotels located within the City of Chicago, (iii) a 6% tax on gross receipts of the business of renting automobiles in Cook County, Illinois, (iv) a 6% use tax on automobiles rented outside Illinois for use in Cook County, Illinois, and (v) a tax on taxis and livery vehicles ranging from $2 per taxi departure to $27 per bus having a capacity of over 24 passengers. In addition, subject to appropriation, amounts of State sales tax ranging from $64 million for fiscal year 1997 and graduating to $93 million for fiscal year 2004 and thereafter would be available for the payment of debt service on the additional bonds to the extent that the MPEA Taxes are not sufficient for such purpose.

The McCormick Place has previously issued $936.4 million in revenue bonds, the proceeds of which were used to finance this expansion. On September 15, 1996, the McCormick Place issued $506.8 million of refunding bonds. The proceeds were used to purchase U.S. governmental securities held in a trust fund to defease $446 million of previously issued Series 1992A current interest and deferred interest bonds. Issuance of the advance refunding bonds will cause aggregate debt service refunding payments to be decreased by

$14.2 million and will result in an economic (present value gain) of $9.1 million over the life of the advanced refunding bonds. As of June 30, 1997, the outstanding bonds of the McCormick Place which the State is contingently obligated to pay is $1,164 million. These bonds consist of $513.5 million expansion project bonds and $650.5 million refunding bonds.

The expansion project bonds consist of $246 million current interest bonds and $267.5 million capital appreciation and deferred interest bonds. The current interest bonds in the amount of $246 million, mature annually through 2006 and from 2022 through 2027, and bear interest at rates ranging from 4.25% to 50%. (As of June 30, 1997, $13.4 million of current interest bonds remain outstanding bearing an interest rate of 50% which were sold at a premium with yields to maturity ranging from 5.8% to 5.88%.) The capital appreciation bonds and deferred interest bonds, in the amount of $267.5 million, mature annually from 2006 through 2029, with a yield to maturity ranging from 6.1% to 6.75%.

In addition, as of June 30, 1997, the McCormick Place has $497.5 million of revenue bonds outstanding which have been advance refunded with proceeds received from the Series 1994 B and Series 1996A bond issues. Proceeds from the Series 1994B and Series 1996A bond issues were used to purchase U. S. governmental securities, which were deposited in an irrevocable trust with an escrow agent to satisfy all future debt service requirements of the refunded bonds. As a result, the refunded bonds are considered defeased and the State is no longer contingently liable for them.

Southwestern Illinois Development Authority (SWIDA) -

SWIDA has issued $116.2 million of revenue bonds, the proceeds of which were loaned to several companies for the acquisition of land and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by SWIDA loan agreements with the companies. These bonds bear interest rates ranging from 4.1% to 9.25% and mature annually through 2020. The State has accepted a moral obligation to repay the bonds in the event SWIDA and the companies are unable to meet the bonds' repayment commitments.

During 1994, Wood River Township Hospital deposited $9.1 million of cash into an irrevocable trust with an escrow agent to provide for the advance refunding of $8.2 million of bonds maturing through 2003. During 1996, SWIDA issued $2.9 million of refunding revenue bonds which were loaned to McKendree College. The proceeds of the bonds, along with $.3 million of reserves from the Series 1990 bond issue, were deposited by McKendree College into an irrevocable trust with an escrow agent to provide for the advance refunding of $2.6 million Series 1990 bonds maturing through 2011. As a result, the refunded bonds are considered defeased and the State no longer has a moral obligation to repay the bonds.

As of June 30, 1997, the outstanding balance of bonds which the State is morally obligated to repay is $91.4 million. The outstanding balance of the refunded bonds is $9.3 million.

The SWIDA has also issued $96.2 million of revenue bonds, the proceeds of which were loaned to Shell Oil Company, Monsanto Company, Robinson Steel Company, Inc., and Anderson Hospital. These bonds are special, limited obligations of the SWIDA and can only be repaid from payments by Shell Oil Company, Monsanto Company, Robinson Steel Company, Inc., and Anderson Hospital. Unlike the bonds in the preceding paragraph, the State has not accepted a moral obligation to repay the bonds in the event the SWIDA and the companies are unable to meet the bonds' repayment commitments. At June 30, 1997, the outstanding balance is $92.6 million.

Subsequent to June 30, 1997, SWIDA issued $.8 million of revenue bonds, the proceeds of which were loaned to the YMCA, which do carry the moral obligation of the State.

Quad Cities Regional Economic Development Authority (Authority) -

The Authority has issued $27.2 million of revenue bonds, the proceeds of which were loaned to HDC, Inc. and to Thoms-Proestler Company to provide permanent financing for the acquisition and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by (i) mortgages and security agreements from HDC, Inc. and Thoms-Proestler Company to the Authority, (ii) a leasehold mortgage and security agreement from HDC, Inc. to the Authority, (iii) an assignment of leases, rents and revenues from HDC, Inc. to the Authority, and (iv) a guaranty by HDC, Inc. to the trustee. The bonds mature semiannually through 2017 and bear interest rates of 8.7% and 9.75% until February 1, 2004, at which time the 9.75% will be reset to 10.25% plus a supplemental coupon rate, if required, whose combined rate is not to exceed the limits of

Illinois law. The State has accepted a moral obligation to repay the bonds in the event the Authority and companies are unable to meet the bonds' repayment commitments. At June 30, 1997, the outstanding balance is $25.6 million.

The Authority has also issued $2 million of revenue bonds, the proceeds of which were loaned to Whitey's Ice Cream Manufacturers, Inc. These bonds are special, limited obligations of the Authority and can only be repaid from repayments by Whitey's Ice Cream Manufacturers, Inc. Unlike the bonds of the preceding paragraph, the State has not accepted a moral obligation to repay the bonds in the event the Authority or the Company is unable to meet the bonds' repayment commitments. At June 30, 1997, the outstanding balance is $1.9 million.

Upper Illinois River Valley Development Authority (UIRVDA) -

The UIRVDA has issued $4 million of revenue bonds, the proceeds of which were loaned to Waste Recovery - Illinois (the Company) to finance the acquisition, construction, equipment and installation of a tire recycling and tire-derived fuel processing facility. The Company is primarily liable for repayment of the bonds, which are secured by an assignment and a pledge of revenues derived from a separate loan agreement between the UIRVDA and the Company. In addition, the bonds will be secured by (i) moneys held by the trustee under a debt service reserve fund established under the indenture, (ii) guaranty agreement from Waste Recovery, Inc., a Texas corporation and a general partner of the Company, to the trustee, and (iii) a separate mortgage and security agreement from the Company to the trustee granting a mortgage lien on and security interest in the project. These bonds mature annually through 2004 and bear an interest rate of 6.5%. The State has accepted a moral obligation to repay the bonds in the event the UIRVDA and the Company are unable to meet the bonds' repayment commitments. At June 30, 1997, the outstanding balance is $3.3 million.

Defeased Revenue Bonds -

On October 1, 1996, Northern Illinois University issued $11.7 million in revenue bonds with interest rates ranging from 4.5% to 5.75% to advance refund $3.8 million of certain maturities of outstanding Series 1985 CAB bonds, which had interest rates ranging from 9.4% to 10.0%. The net proceeds, together with $1.4 million from the 1985 Debt Service Reserve Account, were used to purchase U.S. governmental securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The advance refunding increased the total debt service requirements by $6.5 million (spread over an additional 17.5 years), and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $ .3 million.

Also, in October, 1996, the Illinois State Toll Highway Authority issued $148.3 million of revenue bonds with interest rates ranging from 4.7% to 6% to current refund $144.3 million of revenue bonds with interest rates ranging from 6.05% to 6.85%. The proceeds were used to purchase U.S. governmental securities which were deposited in an irrevocable trust which, with interest thereon, will be sufficient to pay all future debt service requirements of the refunded bonds.

Although the current refunding resulted in the recognition of an accounting loss of approximately $5.1 million based upon the required deposit to the irrevocable trust and the write off of related unamortized deferred bond issuance costs, the Authority has reduced its aggregate debt service payments by approximately $9.1 million over the next 12 years and obtained an economic gain (or present value savings) of approximately $8.5 million.

In addition, the Illinois Student Assistance Commission issued $68 million of new bonds to current refund a like amount of outstanding bonds having interest rates ranging from 3.9% to 7.5%. The refunding bonds are variable rate bonds. Although the variable rate bonds have minimum and maximum rate limits, ISAC estimates that the rate will average 4.4% over the life of the bonds.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1 million. This difference is being amortized on a straight line basis over the remaining life of the old debt as a component of interest expense. As a result of the current refunding, ISAC estimates an increase in its debt service payments of $47.2 million over the life of the new debt and an economic present value gain of $1.9 million. This debt service increase could range from $18.7 to $137.4 million, depending on interest rate fluctuations applicable to the variable rate debt; likewise, the economic gain could range from $5.6 million to an economic loss of $7.2 million.

The State Toll Highway Authority, the Illinois Housing Development Authority, and State universities consisting of Chicago State University, Eastern Illinois University, Western Illinois University, Northern Illinois University, Illinois State University, Southern Illinois University, and the University of Illinois had previously defeased outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the financial statements. On June 30, 1997, $400.7 million of bonds outstanding are considered defeased. These bonds have interest rates ranging from .05% to 10.8% with principal maturing until 2021.

Conduit Debt (not included in financial statements) -

The State of Illinois by action of the General Assembly created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. Fees are assessed to recover related processing and application costs incurred. Bonds issued by the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements. At June 30, 1997, recorded amounts of revenue bonds, net of defeased bonds, and notes outstanding (amounts expressed in thousands) as reported by authority officials are as follows:

Authority		Amount Outstanding	Interest Rates	Annual Maturity To
Illinois Health Facilities Authority		$ 6,254,946	Variable	2031
Illinois Development Finance Authority:				
Environmental facilities	$ 1,565,880		Variable	2032
501 (c) 3 not for profit	1,381,534		Variable	2031
Industrial development	963,834		Variable	2032
Infrastructure	487,701		2.7% to 9.625%	2021
Housing	206,060		Variable	2028
Insured industrial revenue	28,933		Variable	2021
Financially distressed city	20,300		5.3% to 7.5%	2013
Leases and certificates of participation	53,756		Variable	2017
		4,707,998		
Illinois Educational Facilities Authority		1,426,688	Variable	2028
Illinois Housing Development Authority		213,780	4.3% to 25.0%	2034
Southwestern Illinois Development Authority		92,635	6.5% to 15.0%	2025
Illinois Farm Development Authority		75,257	4.5% to 11.5%	2038
Quad Cities Regional Economic Development Authority		1,870	Variable	2010
		$ 12,773,174		

14 OTHER LONG-TERM OBLIGATIONS

Other long-term obligations reported in the General Long-Term Obligations Account Group and disclosed below are as follows (in millions):

Description	Reference	Amount
Metropolitan Pier and Exposition Authority (McCormick Place) liability	(A)	$ 335.8
Compensated absences	(B)	514.6
Regional Transportation Authority liability	(C)	491.3
Workers' compensation liability	(D)	55.3
Capital lease obligations	(E)	27.7
Illinois Sports Facilities Authority liability	(F)	32.5
Installment purchase obligations	(G)	25.9
Certificates of participation	(H)	131.7
Other obligations	(I)	7.0
Total Other Long-Term Obligations		$ 1,621.8

(A) Metropolitan Pier and Exposition Authority (McCormick Place) Liability -

In July 1984, and November 1985, the State amended the "Metropolitan Fair and Exposition Authority Act" (Act) to authorize the issuance of $265 and $47.5 million, respectively, for a total authorization of $312.5 million, in additional bonds. Bond proceeds were used (1) to pay construction costs of completing the McCormick Place expansion, (2) to pay the construction costs of projects authorized by the Illinois General Assembly in the future, and (3) to refund any outstanding bonds of the McCormick Place that were issued prior to July 1, 1984. The Act was further amended in July and August 1986 to authorize the issuance of refunding bonds either on a parity with or subordinated to the 1984 and 1985 bonds. In addition, in July 1989 the Act was amended to change the name to Metropolitan Pier and Exposition Authority and to expand its purposes to provide for the acquisition and improvement of the Navy Pier in Chicago.

The Illinois General Assembly also amended certain tax laws in July 1984 and November 1985 to provide for 1.75% of total State sales tax revenues, 3% of 94% of total hotel room rental receipts, and $1.7 million per year out of 7% of State racing tax revenues to be deposited into the Build Illinois Fund, which replaced the Tourism Fund, as collected. The legislation provides for credits to separate accounts within the Build Illinois Fund of which the "McCormick Place Account" is one and has first priority credit of the amounts collected.

In August 1984, the McCormick Place issued $252.5 million of bonds at interest rates ranging from 7% to 10.375% and maturing annually through 2014. Additionally, in December 1985, the McCormick Place issued $60.1 million in bonds at interest rates varying from 6% to 8.875% and maturing annually through 2015.

During 1986, the McCormick Place issued 1986 and 1986A Series refunding bonds. The 1986 Series bonds, issued in the amount of $324.2 million with interest rates ranging from 4.9% to 8% and maturing annually through 2014, were used to defease the remaining 1984 Series bonds. The 1986A Series bonds, issued in the amount of $62.6 million, were used to defease certain callable maturities of 1985 Series bonds. The 1986A Series bonds have interest rates ranging from 3.75% to 7% and mature annually through 2015. In addition, in March 1992, the McCormick Place issued 1992 Series refunding bonds in the amount of $182.1 million at interest rates ranging from 4% to 6.75% and maturing annually through 2010. The 1992 Series bonds were used to defease certain callable maturities of 1985 Series bonds and 1986 Series bonds. The proceeds of the 1986, 1986A, and 1992 Series bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. As of June 30, 1997, the entire amount of 1984 and 1986 Series bonds outstanding are considered defeased.

In July 1995, the McCormick Place issued $54.1 million in bonds with interest rates ranging from 4.3% to 6.25% and maturing annually through 2011 to advance refund $51.6 million of certain callable maturities of 1986 Series bonds and 1986A Series bonds which had interest rates ranging from 6.6% to 7.6%. The net proceeds were used to purchase U. S. governmental securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group. As of June 30, 1997, the outstanding balance of the defeased bonds was zero.

The refunding transaction saved the McCormick Place approximately $4.2 million in aggregate debt service payments resulting in an economic gain or present value savings of $2.9 million over the life of the refunded bonds.

The outstanding balance of the remaining 1986 Series refunding bonds, the 1986A Series refunding bonds, the 1992 Series refunding bonds and the 1995 Series refunding bonds was $335.8 million and is included as "Other Obligations" in the General Long-Term Obligations Account Group. Future McCormick Place debt service requirements (amounts expressed in thousands) at June 30, 1997 are as follows:

Year Ending June 30	Principal	Interest	Total
1998	$ 11,505	$ 20,585	$ 32,090
1999	12,140	19,981	32,121
2000	12,845	19,246	32,091
2001	13,630	18,473	32,103
2002	14,485	17,658	32,143
Thereafter	271,190	120,649	391,839
	$ 335,795	$ 216,592	$ 552,387

(B) Compensated Absences -

Most employees earn annual leave ranging from 1 to 2 days per month with maximum accumulation ranging from 20 to 50 days. At June 30, 1997, the liability for accrued annual leave was approximately $248.8 million, including salary related costs of $15.2 million, for the governmental funds.

Until January 1, 1984, sick leave, which generally is earned one day per month with unlimited accumulation, was paid only when an employee was absent due to illness or other acceptable circumstances as outlined by personnel regulations. Effective January 1, 1984, upon death, retirement, resignation or termination from State employment, employees are able to receive payment for one-half of accumulated sick leave earned subsequent to January 1, 1984, or full service credit for such accumulated sick leave under the State Employees Article of the State Pension Code. At June 30, 1997, the liability for sick leave earned subsequent to January 1, 1984 was $265.8 million, including $15.9 million of salary related costs. Thus, the State's liability for compensated absences reported in the General Long-Term Obligations Account Group amounted to $514.6 million at June 30, 1997. As explained in Note 1-O, this amount does not include compensated absences liabilities for proprietary funds and component units.

Subsequent to the balance sheet date, Public Act 90-65 was enacted which eliminates compensation for sick leave accumulated on or after January 1, 1998. However, the unused sick leave may be used to establish retirement system service credit as provided in the Illinois Pension Code.

(C) Regional Transportation Authority (Authority) Liability -

The Authority was authorized by the Regional Transportation Authority Act to issue bonds in the principal amount of $100 million on or after January 1, 1990 and increasing $100 million per year until January 1, 1994, for a total authorization of $500 million used for Strategic Capital Improvement Projects (SCIP). These projects were used to acquire, repair or replace public transportation facilities in the metropolitan region as approved by the Governor. Since June 1992, the Authority has issued $500 million of bonds with interest rates ranging from 3.75% to 9% and maturing annually through 2025.

The bonds are general obligations of the Authority to which the full faith and credit of the Authority is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State's assistance shall be transferred monthly from the General Revenue Fund to the Public Transportation Fund for payment in an amount equal to the lesser of monthly debt service on the SCIP bonds, or one-twelfth of the amount of the State's assistance as provided in the authorization. The authorization provided for $40 million for 1996, $50 million for 1997, and $55 million for each year thereafter. Although the amount of the State's assistance is measured by the debt service on the SCIP bonds, the assistance is not pledged for payment of or security for the SCIP bonds. The State's assistance is paid directly to the Authority and may be spent by the Authority at its discretion. As of June 30, 1997, the outstanding balance included in the General Long-Term obligations Account Group is $491.3 million.

Future Regional Transportation Authority debt service requirements (amounts expressed in thousands) at June 30, 1997 are as follows:

Year Ending June 30	Principal	Interest	Total
1998	$ 7,490	$ 31,943	$ 39,433
1999	7,875	31,562	39,437
2000	8,310	31,145	39,455
2001	8,770	30,690	39,460
2002	9,275	30,202	39,477
Thereafter	449,550	395,210	844,760
	$ 491,270	$ 550,752	$ 1,042,022

(D) Workers' Compensation Liability -

The workers' compensation liability has been determined using claims outstanding and a projection of claims to be submitted, based upon prior years' experience of the State. Claims that will be liquidated with expendable available financial resources have been recorded as a liability in the General Fund and in the Road Fund and Mental Health Fund (Special Revenue Funds), in the amounts of $30.7, $14.9 and $20.2 million, respectively. The remaining portion of the liability, $55.3 million as of June 30, 1997, is included in the General Long-Term Obligations Account Group. Of this liability, $28.8, $9.9 and $16.6 million are expected to be paid from future resources of the General Fund, the Road Fund and the Mental Health Fund, respectively. In addition, an $8.9 million worker's compensation liability has been included in the University and College fund types included in component units.

(E) Lease Commitments -

The State leases land, office facilities, office and computer equipment and other assets. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. At June 30, 1997, assets capitalized under capitalized leases included in property, plant and equipment (amounts expressed in thousands) are as follows:

Primary Government	General Fixed Assets	Proprietary Fund Types	Component Units
Land and land improvements			$ 1,003
Buildings and building improvements	$ 4,032	$ 1,808	4,610
Equipment	24,989	3,154	33,705
	29,021	4,962	39,318
Less: Accumulated depreciation		1,454	1,683
	$ 29,021	$ 3,508	$ 37,635

Future minimum commitments for noncancelable leases (amounts expressed in thousands) as of June 30, 1997 are as follows:

Primary Government

Year Ending June 30	Operating Leases	Capitalized Leases: General Long-Term Obligations	Capitalized Leases: Proprietary Fund Types	Total
1998	$ 85,795	$ 10,216	$ 1,043	$ 97,054
1999	66,049	5,460	651	72,160
2000	53,175	3,371	543	57,089
2001	39,074	2,977	336	42,387
2002	14,339	2,561	210	17,110
Thereafter	19,447	11,093	630	31,170
Total minimum lease payments	**$ 277,879**	35,678	3,413	**$ 316,970**
Less amounts representing interest		8,025	462	
Present value of net minimum lease payments		**$ 27,653**	**$ 2,951**	

Component Units

Year Ending June 30	Operating Leases	Capitalized Leases: University and College Funds	Capitalized Leases: Proprietary Fund Types	Total
1998	$ 6,419	$ 7,786	$ 262	$ 14,467
1999	5,249	3,862	44	9,155
2000	4,340	2,765	32	7,137
2001	3,713	1,658	22	5,393
2002	2,262	911	2	3,175
Thereafter	4,874	2,250	-	7,124
Total minimum lease payments	**$ 26,857**	19,232	362	**$ 46,451**
Less amounts representing interest		2,051	12	
Present value of net minimum lease payments		**$ 17,181**	**$ 350**	

Rental payments (amounts expressed in thousands) for operating leases charged to operations during the year ended June 30, 1997 aggregated $247,764 for the primary government and $9,844 for component units.

(F) Illinois Sports Facilities Authority (Authority) Liability -

The Authority is authorized by the Illinois Sports

Facilities Authority Act to issue bonds in the principal amount of $150 million to be used for providing sports stadiums for professional sports teams. On March 1, 1989, $150 million of bonds were issued with interest rates ranging from 6.8% to 7.875% and maturing annually through 2010.

The bonds are secured by payments from the Illinois Sports Facilities Fund which consist of annual payments of $5 million from the State's Hotel Operator's Occupation Tax, $8 million from the Authority's Hotel Tax and $5 million from the City of Chicago's share of the Local Government Distributive Fund. The State's maximum liability is limited to $13 million annually, but the State anticipates that $8 million, derived from the Authority's Hotel Tax, will reduce this liability to $5 million annually. In fiscal year 1997, receipts from the Authority's Hotel Tax totaled $19.4 million. As of June 30, 1997, the State's share of the outstanding principal balance was $32.5 million.

The State (and non-State) share of future Illinois Sports Facilities Authority debt service requirements (amounts expressed in thousands) at June 30, 1997 are as follows:

Year Ending June 30	State Share		Non-State Share		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1998	$ 1,549	$ 2,520	$ 4,026	$ 6,554	$ 5,575	$ 9,074
1999	1,663	2,406	4,322	6,255	5,985	8,661
2000	1,787	2,282	4,648	5,933	6,435	8,215
2001	1,921	2,148	4,994	5,585	6,915	7,733
2002	2,067	2,002	5,373	5,205	7,440	7,207
Thereafter	23,501	9,048	61,104	23,524	84,605	32,572
	$ 32,488	$ 20,406	$ 84,467	$ 53,056	$ 116,955	$ 73,462

(G) Installment Purchase Obligations -

The State has acquired certain land, office facilities, office and computer equipment, and other assets through installment purchase arrangements. Future commitments under installment purchase contracts (amounts expressed in thousands) as of June 30, 1997 are as follows:

Year Ending June 30	Primary Government					Component Units		
	General Long-Term Obligations		Proprietary Fund Types			University and College Funds		
	Principal	Interest	Principal	Interest	Total	Principal	Interest	Total
1998	$ 11,584	$ 642	$ 9,957	$ 570	$ 22,753	$ 3,193	$ 914	$ 4,107
1999	9,103	516	6,462	165	16,246	3,066	746	3,812
2000	3,279	221	425	5	3,930	2,460	574	3,034
2001	1,431	107	-	-	1,538	1,587	458	2,045
2002	542	40	-	-	582	655	388	1,043
Thereafter	-	-	-	-	-	9,907	3,329	13,236
Total future commitments	$ 25,939	$ 1,526	$ 16,844	$ 740	$ 45,049	$ 20,868	$ 6,409	$ 27,277

(H) Certificates of Participation -

State-issued Certificates of Participation. The State is authorized to issue certificates of participation ("certificates") representing the right to receive a proportionate share in lease-purchase or installment purchase payments to be made for the benefit of State agencies for the acquisition or improvement of real or personal property, refinancing of such property, payment of expenses of such property, or payment of

expenses related to the issuance. During fiscal year 1996, the State, acting by and through the Bureau of the Budget, issued $38.8 million of these certificates to provide for the construction and lease purchase of certain correctional facilities to be operated by the Department of Corrections at various sites within the State. The certificates have interest rates ranging from 4.15% to 6.375% and maturing annually through 2017. The outstanding balance of the certificates as of June 30, 1997 included in the General Long-Term Obligations Account Group is $38.8 million.

The University of Illinois has also issued certificates of participation representing the right to receive a proportionate share of lease-purchase or installment payments. On August 1, 1990, the University of Illinois issued $3.3 million of the certificates with an interest rate of 7.25% and maturing in 2000 to finance the construction of a facility to house academic units in Area Studies and International Programs. Also, on January 1, 1991, $16.8 million of the certificates were issued at interest rates ranging from 5.9% to 6.4% and maturing annually through 1998 to finance the acquisition and installation of and the construction of a building for an electrical and high temperature hot water cogeneration system. In addition, on April 1, 1995, $29.9 million of the certificates were issued at interest rates ranging from 4.1% to 5.4% and maturing semi-annually through 2005 to finance the purchase of a firm supply of natural gas from MidCon Gas Services Corporation. The outstanding balance of the certificates as of June 30, 1997 is $33.9 million and is included as "Other obligations" in the component units.

Non-State-issued Certificates of Participation. The State also finances the purchase of certain state-owned real and personal property through third party (non-State issued) certificates. These non-State issued certificates are sold by private concerns and are repaid by State agency appropriations pursuant to installment purchase agreements. The outstanding balance of non-State certificates as of June 30, 1997 included in the General Long-Term Obligations Account Group is $92.9 million. The outstanding balance of non-State certificates as of June 30, 1997 included as "Other obligations" in the component units is $3.6 million.

Future commitments by the State to make installment payments to pay for the assets acquired and related financing costs for State and non-State issued certificates (amounts expressed in thousands) at June 30, 1997 are as follows:

Year Ending June 30	Certificates of Participation — General Long-Term Obligations Account Group					
	State Issued		Non-State Issued		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1998	$ 455	$ 2,168	$ 1,495	$ 4,714	$ 1,950	$ 6,882
1999	1,140	2,133	3,650	5,318	4,790	7,451
2000	1,190	2,080	3,840	5,125	5,030	7,205
2001	1,240	2,023	4,075	4,916	5,315	6,939
2002	1,295	1,962	4,325	4,688	5,620	6,650
Thereafter	33,435	18,182	75,525	35,930	108,960	54,112
	$ 38,755	$ 28,548	$ 92,910	$ 60,691	$ 131,665	$ 89,239

Year Ending June 30	Certificates of Participation — Component Unit					
	State Issued		Non-State Issued		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1998	$ 5,070	$ 1,747	$ 715	$ 221	$ 5,785	$ 1,968
1999	7,145	1,395	760	175	7,905	1,570
2000	2,955	1,109	810	126	3,765	1,235
2001	3,435	939	865	73	4,300	1,012
2002	2,855	774	455	15	3,310	789
Thereafter	12,485	1,389	-	-	12,485	1,389
	$ 33,945	$ 7,353	$ 3,605	$ 610	$ 37,550	$ 7,963

(I) Other Obligations -

The State's risk financing of auto liability, determined using an estimate of claims outstanding, approximates $3 million as of June 30, 1997. Claims of $1.7 million, which will be liquidated with expendable available resources, have been recorded as a liability in the General Fund. The remaining $1.3 million portion is expected to be paid from future resources of the General Fund.

Also, as of June 30, 1997, commitments under service related contracts aggregated $6.7 million which require debt service payments of $5.7 million principal and $1 million interest through June 30, 2002.

In addition, the Tax Reform Act of 1986 requires issuers of state and local government bonds to rebate to the federal government arbitrage profits earned on those bonds under certain circumstances. In accordance with this requirement, it was determined that there was no arbitrage rebate liability as of June 30, 1997.

The total of "Other obligations" recorded in the General Long-Term Obligations Account Group as of June 30, 1997 is $7 million.

(J) Metropolitan Exposition Auditorium and Office Building Authorities -

The General Assembly, through adoption of the "Metropolitan Civic Center Support Act" (Support Act), created the Metropolitan Exposition Auditorium and Office Building Fund (Fund) into which 33.5% of all monies received by the State as horse racing taxes are deposited. At June 30, 1997, the balance of the Fund is $18.7 million. The purpose of the Fund is to secure and retire a proportionate share of locally issued revenue bonds, the proceeds of which were used to construct local civic and exposition centers. The Support Act was amended in September 1985 to provide State financial support by issuing direct, limited obligation revenue bonds for the advanced refunding of any civic center bond issued before July 1, 1985 and for newly certified applicants after July 1, 1985. It was further amended to increase the limitation of the aggregate amount of principal issued and outstanding in State and local bonds subject to State financial support for all Authorities from $75 million to 200 million. In addition, further restrictions exist as to the amount to be committed on behalf of any single taxing authority.

On December 15, 1985, the State defeased previous State supported guarantees by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the State supported guarantees. Accordingly, the trust account assets and the liability for the guarantees are not included in the State's financial statements. The bonds used to defease the State supported guarantees are further discussed in Note 12, Special Obligation Bonds.

At June 30, 1997, the unpaid principal on State supported guarantees (amounts expressed in thousands) are as follows:

Authority	Amount Defeased	Interest Rates	Annual Maturity To
DeKalb	$ 2,125	10.85%	2003
Joliet	1,800	9.30% to 9.40%	2003
Rockford	765	7.00%	1997
Danville	230	5.00%	1997
	$ 4,920		

Beginning July 1, 1985, the following newly certified local governmental units have received grants ranging from $.4 to $20 million through June 30, 1997:

Quad Cities	Bureau County	Aledo
Rosemont	Orland Park	Benton
Centre East	Knox County	Herrin
Quincy	River Forest	Rockford
Peoria	Aurora	Bowdre Township
Ogle County	Pekin	Mason County
Collinsville	LaSalle County	

15 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 1997 are summarized as follows:

	Proprietary and Other		General Long-Term Obligations Account Group			
	Notes Payable (Note 9)	Revenue Bonds (Note 13)	Accrued Retirement Costs (Note 10)	General Obligation Bonds (Note 11)	Special Obligation Bonds (Note 12)	Other Long-Term Obligations (Note 14)
Balances at July 1, 1996, as originally reported	$ 104,188	$ 4,445,026	$ 11,026,202	$ 5,656,529	$ 1,880,992	$ 1,640,042
Adjustment to record the State's Net Pension Obligation ("NPO") at transition at July 1, 1996 in accordance with Government Accounting Standards Board Statement 27			$ (1,851,861)			
Balances at July 1, 1996, as restated	$ 104,188	$ 4,445,026	$ 9,174,341	$ 5,656,529	$ 1,880,992	$ 1,640,042
Primary Government:						
Compensated absences earned						314,303
Decrease in workers' compensation liability						(38,883)
Debt issues		167,211		435,000 *	60,000 *	-
Increase in lease and installment purchase obligations						18,989
Compensated absences taken						(280,631)
Amortization of bond discounts and bond issuance costs		686				
Amortization of deferred amounts on bond refundings		(727)				
Increase in accreted value of capital appreciation bonds		1,766		107,298	12,179	
Principal retirements and terminations		(76,165)		(544,430)	(68,004)	(37,606)
Excess of annual pension cost ("APC") over employer contributions from governmental fund types			1,382,203			
Other						5,572
Total Primary Government	$ -	$ 92,771	$ 1,382,203	$ (2,132)	$ 4,175	$ (18,256)
Component Units:						
Debt Issues	1,812	560,303				
Amortization of bond discounts and bond issuance costs		(786)				
Amortization of deferred amounts on bond refundings		278				
Increase in accreted value of capital appreciation bonds		23,524				
Principal retirements and terminations	(3,901)	(433,140)				
Total component units	(2,089)	150,179	-	-	-	-
Balances at June 30, 1997	$ 102,099	$ 4,687,976	$ 10,556,544	$ 5,654,397	$ 1,885,167	$ 1,621,786

*The debt issues amount represents the gross issuance amounts and not the net proceeds that are reported in the operating statements.

16 FUND EQUITY

A. Fund equity reservations and designations not displayed separately on the combined balance sheet (amounts expressed in thousands) at June 30, 1997 consisted of the following:

	Fund Types					Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Enterprise	Expendable Trust	Primary Government	Component Units
Fund Equity:							
Retained Earnings:							
Reserved for:							
Revenue bond and note retirement				$ 79,396		$ 79,396	$ 245,539
High risk insurance program and other				27,966		27,966	97,433
Total reserved retained earnings				$ 107,362		$ 107,362	$ 342,972
Fund Balances:							
Reserved for other:							
Long-term portion of:							
Federal highway program receivable		$ 348,245				$ 348,245	
Intergovernmental receivables	$ 377	455,666				456,043	$ 6,476
Other receivables	221	2,214				2,435	
Loans and notes receivable	39,206	39,521	$ 25,500			104,227	79,833
Inventories	26,113	40,900				67,013	
Restricted fund balances							530,312
Endowment and similar funds						-	547,766
Other	2,130	12,812			$ 1,390	16,332	33,048
Total fund balances reserved for other	$ 68,047	$ 899,358	$ 25,500		$ 1,390	$ 994,295	$ 1,197,435
Unreserved:							
Designated for:							
Debt service			$ 613,541			$ 613,541	
Other							$ 9,964
Total unreserved, designated fund balances			$ 613,541			$ 613,541	$ 9,964

As disclosed in note 1-R, the above fund equity reservations are not available to finance current operations of State government at the balance sheet date or are legally restricted to a specific future use. In governmental funds, the reserves represent portions of asset accounts that are noncurrent. Specifically, the $348,245 Federal highway program receivable is due from the Federal government and will be received upon the Federal government increasing their grant amount to exceed their apportionment authorization.

B. During the year, contributed capital increased pursuant to the following schedule (amounts expressed in thousands):

	Contributed Capital 7/1/96	Fixed Assets Additions	Fixed Assets Deletions	Contributed Capital 6/30/97
Primary Government -				
Internal Service:				
Central Management Services:				
Statistical Services Revolving Fund	$ 8,157			$ 8,157
Department of Corrections:				
Working Capital Revolving Fund	8,966	$ 163		9,129
Other	1,837			1,837
Total Internal Service	18,960	163	-	19,123
Total (Memorandum Only) Primary Government	**18,960**	**163**	-	**19,123**
Component Unit -				
Development Finance Authority	18,508			18,508
Farm Development Authority	12,232			12,232
Other	2,790			2,790
Total Component Unit	**33,530**			**33,530**
Total (Memorandum Only) Reporting Entity	**$ 52,490**	**$ 163**	**$ -**	**$ 52,653**

17 FUND DEFICITS

Primary Government:

The State's General Fund, from which a significant portion of day to day operating expenditures are paid, has a GAAP deficit aggregating $451 million at June 30, 1997, although the cash basis fund balance at that date was $806 million. This deficit results from recognition of fund liabilities significantly in excess of accrued revenues.

The Drivers Education Fund of the State Board of Education (reported as a special revenue fund) has a deficit at June 30, 1997, aggregating $13.7 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

The Mental Health Fund of the Department of Mental Health and Developmental Disabilities (reported as a special revenue fund) has a deficit at June 30, 1997, aggregating $8.9 million, resulting from workers' compensation claims incurred in the current year but not paid until the subsequent year.

The above Governmental Funds' deficits will be eliminated by future revenue increases and/or expenditure reductions in the following year(s).

18 CONDENSED FINANCIAL STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS

Condensed financial statements (amounts expressed in thousands) for the State's discretely presented component units for the fiscal year ended June 30, 1997 are as follows:

CONDENSED FINANCIAL STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS:
BALANCE SHEETS

	Governmental						
	Illinois Grain Insurance Corporation	Illinois Conser-vation Foundation	East St. Louis Fin'l Adv Authority	Develop-ment Finance Authority	Housing Development Authority	Illinois Medical District Commission	Non-Major Component Units
Assets:							
Due from other funds						$ 147	
Due from primary government	$ 53	$ 2					
Other current assets	3,033	593	$ 4,202	$ 4,724	$ 48,797	438	$ 285
Property, plant, and equipment						7,683	189
Other assets		8			82,865	50	
Total assets	$ 3,086	$ 603	$ 4,202	$ 4,724	$ 131,662	$ 8,318	$ 474
Liabilities:							
Due to other funds					$ 980	$ 147	
Due to primary government							
Other current liabilities		$ 27		$ 1		115	$ 1
Bonds payable							
Other long-term liabilities							
Total liabilities	-	27	-	1	980	262	1
Equity:							
Contributed capital							
Investment in fixed assets						7,683	189
Retained earnings							
Fund balance	$ 3,086	576	$ 4,202	4,723	130,682	373	284
Total equity	3,086	576	4,202	4,723	130,682	8,056	473
Total liabilities and equity	$ 3,086	$ 603	$ 4,202	$ 4,724	$ 131,662	$ 8,318	$ 474

(Continued)

CONDENSED STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS:
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY

	Governmental							
	Illinois Grain Insurance Corporation	Illinois Conser-vation Foundation	East St. Louis Fin'l Adv Authority	Develop-ment Finance Authority	Housing Development Authority	Illinois Medical District Commission	Non-Major Component Units	Total
Revenues	$ 1,209	$ 786	$ 79	$ 5	$ 36,171	$ 1,068	$ 521	$ 39,839
Expenditures:								
Current	79	647	28		13,250	1,168	434	15,606
Capital outlays						5		5
Debt service								-
Transfers (out)					(7,383)	(8)		(7,391)
Excess (deficiency) of revenues over (under) expenditures	1,130	139	51	5	15,538	(113)	87	16,837
Fund balance-beginning	1,956	437	4,151	4,718	115,144	486	197	127,089
Fund balance-ending	$ 3,086	$ 576	$ 4,202	$ 4,723	$ 130,682	$ 373	$ 284	$ 143,926

(Continued)

CONDENSED FINANCIAL STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS: BALANCE SHEETS

(Continued)

	Proprietary				University and College
	Comprehensive Health Insurance Board	Housing Development Authority	State Toll Highway Authority	Non-Major Component Units	Chicago State University
Assets:					
Due from other funds		$ 16,755		$ 3,364	$ 1,071
Due from primary government			$ 326		1,209
Other current assets	$ 74,838	360,679	411,203	105,900	9,694
Property, plant, and equipment	95	720	1,791,680	201	103,885
Other assets		2,059,776	148,922	22,360	351
Total assets	$ 74,933	$ 2,437,930	$ 2,352,131	$ 131,825	$ 116,210
Liabilities:					
Due to other funds		$ 15,775		$ 3,364	$ 1,086
Due to primary government	$ 6		$ 688	4	269
Other current liabilities	16,669	210,181	72,848	5,054	12,715
Bonds payable		2,027,502	930,850	64,690	23,385
Other long-term liabilities		93	350	90	2,106
Total liabilities	16,675	2,253,551	1,004,736	73,202	39,561
Equity:					
Contributed capital				33,530	
Investment in fixed assets					79,620
Retained earnings	58,258	184,379	1,347,395	25,093	
Fund balance					(2,971)
Total equity	58,258	184,379	1,347,395	58,623	76,649
Total liabilities and equity	$ 74,933	$ 2,437,930	$ 2,352,131	$ 131,825	$ 116,210

(Continued)

CONDENSED STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS: STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY

(Continued)

	Proprietary				
	Comprehensive Health Ins. Board	Housing Development Authority	State Toll Highway Authority	Non-Major Component Units	Total
Operating revenues	$ 19,151	$ 286,719	$ 316,029	$ 9,205	$ 631,104
Operating expenses:					
Depreciation	66	247	77,809	132	78,254
Other	36,435	172,615	233,466	9,611	452,127
Operating income (loss)	(17,350)	113,857	4,754	(538)	100,723
Other non-operating revenue (expense)	4,464	(102,822)	30,005	1,675	(66,678)
Transfers-in (out)		7,383			7,383
Transfers from (to) primary government	17,324		(194)	273	17,403
Net income for the year	4,438	18,418	34,565	1,410	58,831
Equity-beginning	53,820	165,961	1,312,830	23,683	1,556,294
Contributed capital				33,530	33,530
Equity-ending	$ 58,258	$ 184,379	$ 1,347,395	$ 58,623	$ 1,648,655

CONDENSED FINANCIAL STATEMENTS-DISCRETELY PRESENTED COMPONENT UNITS: BALANCE SHEETS

(Continued)

University and College							
Eastern Illinois University	Western Illinois University	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Non-Major Component Units	Total
$ 31		$ 214	$ 2,586	$ 5,422	$ 11,144	$ 595	$ 41,329
1,495	$ 1,527	1,575	5,004	12,449	183,818	3,411	210,869
69,929	46,744	98,859	96,473	192,979	1,199,830	25,841	2,755,041
171,720	236,567	382,652	447,828	811,111	3,042,089	179,071	7,175,491
823		230	1,941	7,631	17,138	1,117	2,343,212
$ 243,998	$ 284,838	$ 483,530	$ 553,832	$ 1,029,592	$ 4,454,019	$ 210,035	$ 12,525,942
	$ 1	$ 225	$ 2,503	$ 5,047	$ 11,606	$ 595	$ 41,329
$ 3,602	464	57	42	5,274	44,190	445	55,041
33,017	33,626	31,225	45,697	120,455	371,668	30,482	983,781
43,826	39,437	62,584	84,976	68,257	368,827	6,505	3,720,839
10,812	1,116	4,005	13,445	8,251	98,162	7,125	145,555
91,257	74,644	98,096	146,663	207,284	894,453	45,152	4,946,545
							33,530
121,427	195,991	334,960	346,446	734,473	2,717,158	171,104	4,709,051
							1,615,125
31,314	14,203	50,474	60,723	87,835	842,408	(6,221)	1,221,691
152,741	210,194	385,434	407,169	822,308	3,559,566	164,883	7,579,397
$ 243,998	$ 284,838	$ 483,530	$ 553,832	$ 1,029,592	$ 4,454,019	$ 210,035	$ 12,525,942

19 SEGMENT INFORMATION - ENTERPRISE FUNDS

Selected financial information by enterprise fund segment (amounts expressed in thousands) is as follows:

Primary Government	Department of Lottery	Student Assistance Commission	Other	
	State Lottery (1)	(2)	(3)	Total
Operating revenues	$ 1,584,181	$ 76,930	$ 228,042	$ 1,889,153
Depreciation	700	180	612	1,492
Operating income (loss)	585,941	4,677	11,908	602,526
Operating transfer-in	11		2	13
Operating transfer-out	581,532	556	2,175	584,263
Nonoperating revenues	153	768	3,299	4,220
Nonoperating expenses	-	2,406	428	2,834
Net income	4,573	2,483	12,606	19,662
Property, Plant and Equipment:				
Additions	570	43	582	1,195
Deletions	695	-	107	802
Net working capital	26,311	(188,491)	43,673	(118,507)
Total assets	134,207	1,140,480	85,585	1,360,272
Bonds and other long-term liabilities payable from:				
Operating revenues		639,428		639,428
Other revenues	65,633		3	65,636
Total equity	27,966	79,396	52,986	160,348

The above referenced organizations and activities generate enterprise fund revenues as follows:

(1) Illinois State Lottery revenues and operations.

(2) Administration of State-authorized financial aid programs for post-secondary students in Illinois.

(3) Service and processing fees charged by the following board, departments, and commissions for their operations:

Board
Board of Admissions to the Bar

Departments
Central Management Services
Corrections
Insurance
Mental Health & Developmental Disabilities
Veterans' Affairs

Commissions
Attorney Registration & Disciplinary Commission
Office of Banks and Real Estate
Illinois Industrial Commission

20 RISK MANAGEMENT

The State has elected to retain most exposures to risk. Workers' compensation, auto liability, employee fidelity and surety, and general liability are "self-insured" by the State. Claims liabilities are carried at present value, discounted at 5.4%, the average interest rate for fiscal year 1997 general obligation debt issues. The amounts are based on actual claims that are outstanding, historical trend data and known inflation and cost of living factors. The State purchases minimal commercial insurance. There were no significant reductions in insurance coverage from the prior fiscal year. The amount of settlements has not exceeded insurance coverage in the past three fiscal years. A reconciliation of the State's claims liabilities for its major claims categories for the current fiscal year and prior fiscal year (amounts expressed in thousands) is as follows:

	Changes in Claims Liability Balances			
	Beginning Balance	Claims Incurred	Decreases	Ending Balance
FY96	$ 64,913	$ 112,880	$ 76,315	$ 101,478
FY97	$ 101,478	$ 19,810	$ 58,798	$ 62,490

21 CONTINGENCIES

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

The State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The State Lottery has entered into agreements with insurance companies under which the Lottery purchases annuities under group contracts which provide payments corresponding to the Lottery's obligation to prize winners. The State would be liable for such future payments if the insurance companies defaulted on their payment obligation. At June 30, 1997, the Lottery had purchased annuity contracts to fund future installment payments aggregating approximately $83.4 million. Effective July 30, 1985, the law provides that the State Treasurer may, with the consent of the Director of Lottery, contract to invest in securities which provide payments corresponding to the Lottery's obligation to prize winners. The securities purchased subsequent to July 30, 1985 are accounted for in the accompanying financial statements in an agency fund at an amount equal to the present value of these future installment obligations.

The Illinois State Toll Highway Authority has entered into commitments for road construction of $128 million. The Illinois Housing Development Authority has entered into commitments aggregating $29.8 million for home loans.

The State receives significant financial assistance from the U.S. Government in the form of grants and entitlements. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any adjudicated disallowance as a result of these audits become a liability of the State.

Also, the State, its units and employees are parties to numerous legal proceedings, many of which normally recur in governmental operations. All legal proceedings (except as discussed below) are not, in the opinion of the Attorney General, likely to have a material impact on any of the State's fund types or account groups.

The five State-sponsored pension funds (State Employees' Retirement System, Teachers' Retirement System, State Universities Retirement System, General Assembly Retirement System, and Judges' Retirement System) and participants in these systems claim that the State is required by statute to appropriate additional funds to these systems. The actual appropriations to these systems for years prior to fiscal year 1996 fell short of what the Pension Code specified. The complaint was initially dismissed in the Circuit Court, but the Appellate Court reversed. The State has filed a petition for leave to appeal to the Illinois Supreme Court. The appeal was accepted and oral arguments have been heard. A decision is expected in the near future.

The State's management is aware of the issues associated with the programming code in existing computer systems as the millennium (year 2000) approaches. The "year 2000" problem is pervasive and complex as virtually every computer operation will be affected in some way by the rollover of the two digit year value to 00. The issue is whether computer systems will properly recognize date sensitive information when the year changes to 2000. Systems that do not properly recognize such information could generate erroneous data or cause a system to fail.

The State is utilizing both internal and external resources at various degrees to identify, correct or reprogram, and test the systems for the year 2000 compliance. In addition, the State, as a whole, has not yet assessed the year 2000 compliance expense and related potential effect on the State's financial position.

The Toll Highway Authority ("Authority") is a defendant in a case filed in Cook County, Illinois, entitled Graham, et. al. v. The State Toll Highway Authority, et. al.. The case alleges that the Toll Highway Act violated the 1970 Illinois Constitution in that the Authority's expenditures should have been included in the Governor's annual budget and then appropriated by the General Assembly. The court granted the plaintiffs' motion to enjoin the Authority from spending toll revenues for purposes other than debt service. The Supreme Court has stayed the injunction entered in the cause until further order of the Court.

In addition, the State and its units are involved in certain other legal proceedings, which, if decided adversely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on future expenditures or revenue sources.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Pension Trust Funds - Schedule of Funding Progress

The following schedule of funding progress (dollar amounts in thousands) for the State of Illinois' retirement systems is provided for the fiscal year ended June 30, 1997, the only year information is available. The actuarial valuation date for all systems is June 30, 1997.

	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability ("AAL") Projected Unit Credit	(c) Unfunded AAL ("UAAL") (b-a)	(d) Funded Ratio (a/b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c/e)
General Assembly	$ 56,710	$ 143,837	$ 87,127	39.4%	$ 9,362	930.6%
Judges'	314,561	704,460	389,899	44.7%	87,171	447.3%
State Employees	6,048,027	7,548,208	1,500,181	80.1%	3,003,628	49.9%
Teachers'	17,393,108	26,951,585	9,558,477	64.5%	5,013,583	190.7%
State Universities	8,376,300	10,552,200	2,175,900	79.4%	2,298,000	94.7%

GENERAL FUND

The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government which are not required to be accounted for in another fund.

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Combining Schedule of Accounts
General Fund

June 30, 1997 (Expressed In Thousands)

	General Revenue	Education Assistance	Common School	Public Aid Medicaid Provider Assessment Program	Eliminations	Total
ASSETS						
Cash and cash equivalents	$ 494,309	$ 78,217	$ 89,975	$ 102,123		$ 764,624
Investments	438,812					438,812
Receivables, net:						
Taxes	622,190	18,707	98,209	36,877		775,983
Intergovernmental	329,080			220,004		549,084
Other	87,596	10	102	48,220		135,928
Due from other funds	206,871	3,636	102,381	2	$ (102,356)	210,534
Due from component units	160	6		40,674		40,840
Inventories	26,113					26,113
Loans and notes receivable	44,115					44,115
Other assets	11,515					11,515
Total assets	$ 2,260,761	$ 100,576	$ 290,667	$ 447,900	$ (102,356)	$ 2,997,548
LIABILITIES						
Accounts payable and accrued liabilities	$ 1,432,464	$ 2,214	$ 80,251	$ 301,465		$ 1,816,394
Intergovernmental payables	709,073	37,984	162,574	3		909,634
Due to other funds	332,060		24,631	32,663	$ (102,356)	286,998
Due to component units	78,197	3,183		113,708		195,088
Deferred revenues	210,981	6,699	23,211			240,891
Total liabilities	2,762,775	50,080	290,667	447,839	(102,356)	3,449,005
FUND BALANCES (DEFICIT)						
Reserved for:						
Encumbrances	84,662	3		16		84,681
Long-term portion of:						
Intergovernmental and other receivables	598					598
Loans and notes receivable	39,206					39,206
Inventories	26,113					26,113
Other	2,130					2,130
Unreserved, undesignated	(654,723)	50,493		45		(604,185)
Total fund balances (deficit)	(502,014)	50,496	-- --	61	-- --	(451,457)
Total liabilities and fund balances	$ 2,260,761	$ 100,576	$ 290,667	$ 447,900	$ (102,356)	$ 2,997,548

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balance
General Fund

For the Year Ended June 30, 1997 (Expressed in Thousands)

	General Revenue	Education Assistance	Common School	Public Aid Medicaid Provider Assessment Program	Eliminations	Total
REVENUES						
Income taxes	$ 6,743,381	$ 523,482				$ 7,266,863
Sales taxes	3,728,648		$ 1,235,348			4,963,996
Public utility taxes	857,960		12,000			869,960
Other taxes	831,801		48,677	$ 352,394		1,232,872
Federal government	3,547,656			874,600		4,422,256
Licenses and fees	91,003		649			91,652
Interest and other investment income	148,649		1,100	1,147		151,096
Other	288,663	166		482,335		771,164
Total revenues	16,237,961	523,648	1,297,774	1,710,476		19,769,859
EXPENDITURES						
Current:						
Health and social services	6,474,750			1,692,432		8,167,182
Education	1,938,152	662,499	2,269,913			4,870,564
General government	998,826					998,826
Social assistance	1,374,649					1,374,649
Transportation	33,817					33,817
Public protection and justice	1,267,067					1,267,067
Natural resources and recreation	98,186					98,186
Debt service:						
Principal	16,285					16,285
Interest	59,526					59,526
Capital outlays	94,298	61	4	83		94,446
Total expenditures	12,355,556	662,560	2,269,917	1,692,515		16,980,548
Excess (deficiency) of revenues over (under) expenditures	3,882,405	(138,912)	(972,143)	17,961		2,789,311
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Operating transfers-in	270,520	162,220	972,218	44,728	$ (390,732)	1,058,954
Operating transfers from component units	4					4
Operating transfers-out	(2,383,831)	(151)	(75)	(62,713)	390,732	(2,056,038)
Operating transfers to component units	(1,207,001)	(100,205)				(1,307,206)
Capital lease financing	14,833					14,833
Net other sources (uses) of financial resources	(3,305,475)	61,864	972,143	(17,985)	-- --	(2,289,453)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	576,930	(77,048)	-- --	(24)	-- --	499,858
Fund balances (deficit), July 1, 1996	(1,078,944)	127,544	-- --	85	-- --	(951,315)
FUND BALANCES (DEFICIT), JUNE 30, 1997	$ (502,014)	$ 50,496	$ -- --	$ 61	$ -- --	$ (451,457)

Combining Schedule of Accounts - General Fund
Medicaid Provider Assessment Program

June 30, 1997 (Expressed in Thousands)

	Public Aid				
	U of I Hospital Services	Long-Term Care	Hospital	Other	Total
ASSETS					
Cash and cash equivalents	$ 32,653	$ 44,250	$ 19,566	$ 5,654	$ 102,123
Receivables, net:					
Taxes		20,018	15,702	1,157	36,877
Intergovernmental	73,034	58,967	81,093	6,910	220,004
Other		126	48,075	19	48,220
Due from other funds		1	1		2
Due from component units	40,674				40,674
Total assets	$ 146,361	$ 123,362	$ 164,437	$ 13,740	$ 447,900
LIABILITIES					
Accounts payable and accrued liabilities		$ 123,358	$ 164,429	$ 13,678	$ 301,465
Intergovernmental payables		1	2		3
Due to other funds	$ 32,653	3	6	1	32,663
Due to component units	113,708				113,708
Total liabilities	146,361	123,362	164,437	13,679	447,839
FUND BALANCE					
Reserved for encumbrances				16	16
Unreserved, undesignated				45	45
Total fund balance	--	--	--	61	61
Total liabilities and fund balance	$ 146,361	$ 123,362	$ 164,437	$ 13,740	$ 447,900

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balance - General Fund
Medicaid Provider Assessment Program

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Public Aid				
	U of I Hospital Services	Long-Term Care	Hospital	Other	Total
REVENUES					
Other taxes		$ 180,030	$ 156,526	$ 15,838	$ 352,394
Federal government	$ 128,106	171,533	557,427	17,534	874,600
Interest and other investment income		496	569	82	1,147
Other	72,823		409,512		482,335
Total revenues	200,929	352,059	1,124,034	33,454	1,710,476
EXPENDITURES					
Current:					
Health and social services	182,970	352,051	1,124,017	33,394	1,692,432
Capital outlays				83	83
Total expenditures	182,970	352,051	1,124,017	33,477	1,692,515
Excess (deficiency) of revenues over (under) expenditures	17,959	8	17	(23)	17,961
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers-in	44,700	10	17	1	44,728
Operating transfers-out	(62,659)	(18)	(34)	(2)	(62,713)
Net other sources (uses) of financial resources	(17,959)	(8)	(17)	(1)	(17,985)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	-- --	-- --	-- --	(24)	(24)
Fund balances, July 1, 1996	-- --	-- --	-- --	85	85
FUND BALANCES, JUNE 30, 1997	$ -- --	$ -- --	$ -- --	$ 61	$ 61

SPECIAL REVENUE FUNDS

The Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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SIGNIFICANT SPECIAL REVENUE FUNDS DESCRIPTIONS

Department of Children and Family Services

DCFS Children's Services Fund--to account for revenues and expenditures related to the federal Title IV-E foster care and adoption service program.

Department of Employment Security

Title III Social Security and Employment Services Fund--to account for monies received from the federal government for the specific purpose of administering the Unemployment Compensation Act.

Department of Financial Institutions

State Pensions Fund--receipts from the sale of abandoned property. Expenditures are primarily to the various state retirement systems for the reduction of the accrued actuarial unfunded liability.

Department of Public Aid

Child Support Enforcement Trust Fund--to record child support payments, federal grants, and incentive payments that are related to the Child Support Enforcement Program.

Food Stamp and Commodity Fund--the receipt, distribution, and year end balance of food stamps and commodities received by the Department of Public Aid from the federal government.

Department of Revenue

Local Government Tax Fund--to account for 15% share of various sales taxes that will be distributed to cities and counties.

Local Government Distributive Fund--a portion of State income tax collections that are distributed to the various municipalities and counties within the State. On a monthly basis, 1/12 of the income tax receipts are transferred to this fund from the General Fund for such distributions.

Personal Property Tax Replacement Fund--the net revenue received from the personal property replacement income tax. Expenditures consist of allocations to each taxing district within the State and administrative costs.

Department of Transportation

Road Fund--monies collected for the purpose of administering State highway programs. Funding sources include federal aid, State motor fuel taxes and various license and fee charges. Expenditures are for highway maintenance and construction, traffic control and safety and administering motor vehicle laws and regulations.

Motor Fuel Tax Fund--various transportation related program expenditures and the administrative cost of supervising the use of funds apportioned to municipalities, counties and road districts. Revenue is derived from State fuel taxes and an allocation (transfer) of State sales tax collections from the General Fund.

State Construction Account Fund--a portion of motor vehicle registration fees, weight taxes and transfers from the Motor Fuel Tax Fund. The fund is used exclusively for the construction, reconstruction and maintenance of the State maintained highway system.

Environmental Protection Agency

Water Pollution Control Revolving Fund--to assist units of local government in financing the construction of wastewater treatment facilities by making direct loans at or below market interest rates.

Illinois Student Assistance Commission

Student Loan Fund--to account for monies collected on defaulted student loans from individuals and the federal government under the student loan guarantee program. Expenditures are primarily to lenders of defaulted guaranteed student loans.

Combining Balance Sheet
Special Revenue Funds

June 30, 1997 (Expressed In Thousands)

	Departments					
	Aging Services for Older Americans	Alcoholism & Substance Abuse Block Grant	Children & Family Services Children's Services	Commerce and Community Affairs	Natural Resources	Employment Security Title III Social Security and Employ Serv.
ASSETS						
Cash and cash equivalents	$ 72	$ 8,801	$ 59,433	$ 45,211	$ 56,628	$ 31,384
Receivables, net:						
Taxes						
Intergovernmental	10,038		53,624	12,709		17,346
Other				208		
Due from other funds	147		890		656	499
Due from component units				9	15	
Inventories						1,908
Loans and notes receivable				9,863		
Other assets				8,935	2	
Total assets	$ 10,257	$ 8,801	$ 113,947	$ 76,935	$ 57,301	$ 51,137
LIABILITIES						
Accounts payable and accrued liabilities	$ 5,212	$ 6,121	$ 36,235	$ 12,621	$ 836	$ 6,056
Intergovernmental payables	5,026	246	324	166	138	252
Due to other funds	19	261	676	556	58	5,101
Due to component units		87	133	230	171	2
Deferred revenues		2,086			135	
Other liabilities						
Total liabilities	10,257	8,801	37,368	13,573	1,338	11,411
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	424	2,824	2,713	5,350	28,713	1,982
Long-term portion of:						
Intergovernmental and other receivables						
Loans and notes receivable				7,406		
Inventories						1,908
Other				8,935		
Unreserved, undesignated	(424)	(2,824)	73,866	41,671	27,250	35,836
Total fund balances (deficits)	-- --	-- --	76,579	63,362	55,963	39,726
Total liabilities and fund balances	$ 10,257	$ 8,801	$ 113,947	$ 76,935	$ 57,301	$ 51,137

Departments (continued)							Agencies, Boards and Authorities
Financial Institutions	Mental Health & Dev. Disabilities						Environmental Protection Agency
State Pensions	Mental Health	Public Aid	Public Health	Rehabilitation Services	Revenue	Transportation	Water Pollution Control Revolving
$ 55,278	$ 8,720	$ 66,204	$ 3,509	$ 14,275	$ 482,772	$ 792,283	$ 94,302
	822				209,229	107,629	
	314	2,697	6,782	4,868	91,322	368,755	570,318
	4,468	28,310	16,324	151	399	30,164	432
	955	1,241	362		102,667	122,613	
				2			
		1,031	9,082	616		21,460	
						21,572	
		150,200				1,464	
$ 55,278	$ 15,279	$ 249,683	$ 36,059	$ 19,912	$ 886,389	$ 1,465,940	$ 665,052
$ 911	$ 24,049	$ 19,263	$ 19,430	$ 6,594	$ 24,152	$ 147,243	$ 73
		17,529	7,314	499	613,626	108,921	19,296
56	77	7,734	26	1,068	136,228	83,285	39
			233	172		2,335	
	10	151,995	9,056	19	78,263	13,686	
					1,361		
967	24,136	196,521	36,059	8,352	853,632	355,470	19,408
5	2,212	9,982	2,954	904	15,916	1,268,446	137,270
						273,989	529,922
						20,071	
		1,031	9,082	616		21,460	
						1,464	
54,306	(11,069)	42,149	(12,036)	10,040	16,841	(474,960)	(21,548)
54,311	(8,857)	53,162	--	11,560	32,757	1,110,470	645,644
$ 55,278	$ 15,279	$ 249,683	$ 36,059	$ 19,912	$ 886,389	$ 1,465,940	$ 665,052

(continued)

Combining Balance Sheet
Special Revenue Funds

June 30, 1997 (Expressed in Thousands)

(continued)	Agencies, Boards, and Authorities (continued)			Higher Education		
	State Board of Education	Emergency Management Agency Federal Aid Disaster	State Fire Marshal Underground Storage Tank	Student Assistance Commission Student Loan	Other	Total
ASSETS						
Cash and cash equivalents	$ 17,097	$ 53	$ 29,819	$ 63,284	$ 492,064	$ 2,321,189
Receivables, net:						
Taxes			5,148		4,582	327,410
Intergovernmental	80,028	59,859		39,937	43,733	1,362,330
Other			313	494	31,166	112,429
Due from other funds	2,173		1		41,100	273,304
Due from component units					636	662
Inventories	2,744				4,059	40,900
Loans and notes receivable					15,659	47,094
Other assets					1,555	162,156
Total assets	$ 102,042	$ 59,912	$ 35,281	$ 103,715	$ 634,554	$ 4,647,474
LIABILITIES						
Accounts payable and accrued liabilities	$ 11,120	$ 690	$ 10,981	$ 12,404	$ 71,770	$ 415,761
Intergovernmental payables	101,303	59,198	1,145	13,817	47,573	996,375
Due to other funds	563	2	28	760	20,850	257,387
Due to component units	132	22			10,148	13,665
Deferred revenues			58		24,565	279,873
Other liabilities					85	1,446
Total liabilities	113,118	59,912	12,212	26,981	174,991	1,964,507
FUND BALANCES (DEFICIT)						
Reserved for:						
Encumbrances	13,599				59,244	1,552,538
Long-term portion of:						
Intergovernmental and other receivables					2,214	806,125
Loans and notes receivable					12,044	39,521
Inventories	2,744				4,059	40,900
Other					2,413	12,812
Unreserved, undesignated	(27,419)		23,069	76,734	379,589	231,071
Total fund balances (deficits)	(11,076)	--	23,069	76,734	459,563	2,682,967
Total liabilities and fund balances	$ 102,042	$ 59,912	$ 35,281	$ 103,715	$ 634,554	$ 4,647,474

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Special Revenue Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Departments					
	Aging Services for Older Americans	Alcoholism & Substance Abuse Block Grant	Children & Family Services Children's Services	Commerce and Community Affairs	Natural Resources	Employment Security Title III Social Security and Employ Serv.
REVENUES						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Other taxes					$ 13,710	
Federal government	$ 45,342	$ 54,175	$ 127,564	$ 230,543		$ 152,662
Licenses and fees					6,967	
Interest and other investment income				5,014		
Other			10,634	5,559		502
Total revenues	45,342	54,175	138,198	241,116	20,677	153,164
EXPENDITURES						
Current:						
Health and social services	46,106	53,358	330,432			
Education						
General government				233,699		
Social assistance						151,400
Transportation						
Public protection and justice						
Natural resources and recreation					21,011	
Debt service:						
Principal		25	18	4	4	
Interest		2	1		1	
Capital outlays	9	28	417	396	6,682	2,899
Total expenditures	46,115	53,413	330,868	234,099	27,698	154,299
Excess (deficiency) of revenues over (under) expenditures	(773)	762	(192,670)	7,017	(7,021)	(1,135)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Operating transfers-in	773		258,995		20,199	957
Operating transfers from component units						
Operating transfers-out		(77)	(16,131)	(2,081)	(10,766)	(144)
Operating transfers to component units		(685)		(690)	(6)	
Capital lease financing						
Net other sources (uses) of financial resources	773	(762)	242,864	(2,771)	9,427	813
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	-- --	-- --	50,194	4,246	2,406	(322)
Fund balances (deficits), July 1, 1996	-- --	-- --	26,385	59,116	53,557	40,048
FUND BALANCES (DEFICITS), JUNE 30, 1997	$ -- --	$ -- --	$ 76,579	$ 63,362	$ 55,963	$ 39,726

(continued)

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Special Revenue Funds

For the Year Ended June 30, 1997 (Expressed In Thousands)

(continued)

	Departments (continued)					
	Financial Institutions	Mental Health & Dev. Disabilities				
	State Pensions	Mental Health	Public Aid	Public Health	Rehabilitation Services	Revenue
REVENUES						
Income taxes						$ 664,784
Sales taxes						1,844,074
Motor fuel taxes						
Public utility taxes						207,575
Other taxes		$ 3,350				332,166
Federal government		8,205	$ 1,058,802	$ 201,756	$ 154,823	
Licenses and fees			111	246		1,064
Interest and other investment income						3,414
Other	$ 59,803	17,736	92,788	53,340	556	
Total revenues	59,803	29,291	1,151,701	255,342	155,379	3,053,077
EXPENDITURES						
Current:						
Health and social services		25,687	24,003	259,523	145,170	
Education	35,483					
General government	8,722					3,193,415
Social assistance			1,073,372			
Transportation						
Public protection and justice	8,064					
Natural resources and recreation						
Debt service:						
Principal			21		8	18
Interest			1			15,521
Capital outlays	417	156	878	2,304	1,308	458
Total expenditures	52,686	25,843	1,098,275	261,827	146,486	3,209,412
Excess (deficiency) of revenues over (under) expenditures	7,117	3,448	53,426	(6,485)	8,893	(156,335)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Operating transfers-in		1	136	6,620		840,167
Operating transfers from component units						
Operating transfers-out		(1,465)	(40,792)	(135)	(301)	(673,713)
Operating transfers to component units	(8,952)		(10)		(925)	
Capital lease financing					4	77
Net other sources (uses) of financial resources	(8,952)	(1,464)	(40,666)	6,485	(1,222)	166,531
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(1,835)	1,984	12,760	-- --	7,671	10,196
Fund balances (deficits), July 1, 1996	56,146	(10,841)	40,402	-- --	3,889	22,561
FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 54,311	$ (8,857)	$ 53,162	$ -- --	$ 11,560	$ 32,757

Dept. (cont'd)	Agencies, Boards and Authorities				Higher Education		
Transportation	Environmental Protection Agency Water Pollution Control Revolving	State Board of Education	Emergency Management Agency Federal Aid Disaster	State Fire Marshal Underground Storage Tank	Student Assistance Commission Student Loan	Other	Total
							$ 664,784
						$ 15,087	1,859,161
$ 1,171,473				$ 60,281			1,231,754
						15,146	222,721
						82,479	431,705
798,280	$ 69,134	$ 970,813	$ 64,196		$ 161,674	363,762	4,461,731
721,620		11,242			4,607	240,271	986,128
30,207	14,263				4,384	8,355	65,637
128,451	7,608	5,794			18,444	181,290	582,505
2,850,031	91,005	987,849	64,196	60,281	189,109	906,390	10,506,126
						237,938	1,122,217
		975,493			178,330	19,809	1,209,115
245,424				555		264,825	3,946,640
						31,753	1,256,525
2,496,730						52,193	2,548,923
52,732			63,940	1,795		219,317	345,848
	18,741			47,797		177,877	265,426
1,745					54	2,272	4,169
481					1	293	16,301
32,733	124	344	57	268	273	34,489	84,240
2,829,845	18,865	975,837	63,997	50,415	178,658	1,040,766	10,799,404
20,186	72,140	12,012	199	9,866	10,451	(134,376)	(293,278)
992,200	29,000					319,373	2,468,421
						773	773
(926,340)		(7,689)	(199)	(9,421)	(1,268)	(105,674)	(1,796,196)
(618)	(10)	(2,986)				(32,077)	(46,959)
738						3,597	4,416
65,980	28,990	(10,675)	(199)	(9,421)	(1,268)	185,992	630,455
86,166	101,130	1,337	--	445	9,183	51,616	337,177
1,024,304	544,514	(12,413)	--	22,624	67,551	407,947	2,345,790
$ 1,110,470	$ 645,644	$ (11,076)	$ --	$ 23,069	$ 76,734	$ 459,563	$ 2,682,967

Combining Balance Sheet - Special Revenue Funds
Department of Commerce and Community Affairs

June 30, 1997 (Expressed in Thousands)

	Low-Income Home Energy Assistance Block Grant Fund	Community Development/ Small Cities Block Grant	Petroleum Violation	Job Training Partnership	Build Illinois Loan Programs	Total
ASSETS						
Cash and cash equivalents	$ 41	$ 32	$ 31,872	$ 37	$ 13,229	$ 45,211
Receivables, net:						
Intergovernmental	474	3,057		9,178		12,709
Other			148		60	208
Due from component units			9			9
Loans and notes receivable					9,863	9,863
Other assets					8,935	8,935
Total assets	$ 515	$ 3,089	$ 32,029	$ 9,215	$ 32,087	$ 76,935
LIABILITIES						
Accounts payable and accrued liabilities	$ 397	$ 3,066	$ 344	$ 8,526	$ 288	$ 12,621
Intergovernmental payables	107	15	5	37	2	166
Due to other funds	11	8	15	515	7	556
Due to component units			93	137		230
Total liabilities	515	3,089	457	9,215	297	13,573
FUND BALANCES						
Reserved for:						
Encumbrances	977	1,424	197	2,740	12	5,350
Long term portion of loans and notes receivable					7,406	7,406
Other					8,935	8,935
Unreserved, undesignated	(977)	(1,424)	31,375	(2,740)	15,437	41,671
Total fund balances	-- --	-- --	31,572	-- --	31,790	63,362
Total liabilities and fund balances	$ 515	$ 3,089	$ 32,029	$ 9,215	$ 32,087	$ 76,935

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds Department of Commerce and Community Affairs

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Low-Income Home Energy Assistance Block Grant Fund	Community Development/ Small Cities Block Grant	Petroleum Violation	Job Training Partnership	Build Illinois Loan Programs	Total
REVENUES						
Federal government	$ 73,822	$ 52,607		$ 104,114		$ 230,543
Interest and other investment income			$ 1,739		$ 3,275	5,014
Other		202	5,262	85	10	5,559
Total revenues	73,822	52,809	7,001	104,199	3,285	241,116
EXPENDITURES						
Current:						
General government	72,875	52,781	3,528	102,149	2,366	233,699
Debt service:						
Principal			4			4
Capital outlays	14		89	280	13	396
Total expenditures	72,889	52,781	3,621	102,429	2,379	234,099
Excess (deficiency) of revenues over (under) expenditures	933	28	3,380	1,770	906	7,017
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Operating transfers-out	(933)	(28)	(3)	(1,114)	(3)	(2,081)
Operating transfers to component units			(34)	(656)		(690)
Net other sources (uses) of financial resources	(933)	(28)	(37)	(1,770)	(3)	(2,771)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	-- --	-- --	3,343	-- --	903	4,246
Fund balances, July 1, 1996	-- --	-- --	28,229	-- --	30,887	59,116
FUND BALANCES, JUNE 30 1997	$ -- --	$ -- --	$ 31,572	$ -- --	$ 31,790	$ 63,362

Combining Balance Sheet - Special Revenue Funds
Department of Natural Resources
June 30, 1997 (Expressed in Thousands)

	Open Space Lands Acquisition and Development	Park and Conservation	Total
ASSETS			
Cash and cash equivalents	$ 29,673	$ 26,955	$ 56,628
Due from other funds	1	655	656
Due from component units		15	15
Other assets		2	2
Total assets	$ 29,674	$ 27,627	$ 57,301
LIABILITIES			
Accounts payable and accrued liabilities	$ 27	$ 809	$ 836
Intergovernmental payables	124	14	138
Due to other funds	3	55	58
Due to component units		171	171
Deferred revenues		135	135
Total liabilities	154	1,184	1,338
FUND BALANCES			
Reserved for encumbrances	28,713		28,713
Unreserved, undesignated	807	26,443	27,250
Total fund balances	29,520	26,443	55,963
Total liabilities and fund balances	$ 29,674	$ 27,627	$ 57,301

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds
Department of Natural Resources

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Open Space Lands Acquisition and Development	Park and Conservation	Total
REVENUES			
Other taxes	$ 13,710		$ 13,710
Licenses and fees		$ 6,967	6,967
Total revenues	13,710	6,967	20,677
EXPENDITURES			
Current:			
Natural resources and recreation	10,445	10,566	21,011
Debt service:			
Principal		4	4
Interest		1	1
Capital outlays	115	6,567	6,682
Total expenditures	10,560	17,138	27,698
Excess (deficiency) of revenues over (under) expenditures	3,150	(10,171)	(7,021)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Operating transfers-in		20,199	20,199
Operating transfers-out	(26)	(10,740)	(10,766)
Operating transfers to component units		(6)	(6)
Net other sources (uses) of financial resources	(26)	9,453	9,427
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	3,124	(718)	2,406
Fund balances, July 1, 1996	26,396	27,161	53,557
FUND BALANCES, JUNE 30, 1997	$ 29,520	$ 26,443	$ 55,963

Combining Balance Sheet - Special Revenue Funds
Department of Public Aid
June 30, 1997 (Expressed in Thousands)

	Special Purposes Trust	Child Support Enforcement Trust	Food Stamp and Commodity	Total
ASSETS				
Cash and cash equivalents	$ 5,267	$ 60,937		$ 66,204
Receivables, net:				
Intergovernmental	2,697			2,697
Other		28,310		28,310
Due from other funds	1,241			1,241
Inventories			$ 1,031	1,031
Other assets			150,200	150,200
Total assets	$ 9,205	$ 89,247	$ 151,231	$ 249,683
LIABILITIES				
Accounts payable and accrued liabilities	$ 1,937	$ 17,326		$ 19,263
Intergovernmental payables	9	17,520		17,529
Due to other funds	287	7,447		7,734
Deferred revenues	560	1,235	$ 150,200	151,995
Total liabilities	2,793	43,528	150,200	196,521
FUND BALANCES				
Reserved for:				
Encumbrances	1,633	8,349		9,982
Inventories			1,031	1,031
Unreserved, undesignated	4,779	37,370		42,149
Total fund balances	6,412	45,719	1,031	53,162
Total liabilities and fund balances	$ 9,205	$ 89,247	$ 151,231	$ 249,683

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds
Department of Public Aid

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Special Purposes Trust	Child Support Enforcement Trust	Food Stamp and Commodity	Total
REVENUES				
Federal government	$ 53,550	$ 58,734	$ 946,518	$ 1,058,802
Licenses and fees		111		111
Other	9	92,779		92,788
Total revenues	53,559	151,624	946,518	1,151,701
EXPENDITURES				
Current:				
Health and social services	24,003			24,003
Social assistance		127,186	946,186	1,073,372
Debt service:				
Principal		21		21
Interest		1		1
Capital outlays	114	764		878
Total expenditures	24,117	127,972	946,186	1,098,275
Excess (deficiency) of revenues over (under) expenditures	29,442	23,652	332	53,426
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Operating transfers-in	136			136
Operating transfers-out	(34,776)	(6,016)		(40,792)
Operating transfers to component units	(10)			(10)
Net other sources (uses) of financial resources	(34,650)	(6,016)		(40,666)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(5,208)	17,636	332	12,760
Fund balances, July 1, 1996	11,620	28,083	699	40,402
FUND BALANCES, JUNE 30, 1997	$ 6,412	$ 45,719	$ 1,031	$ 53,162

Combining Balance Sheet - Special Revenue Funds
Department of Public Health

June 30, 1997 (Expressed in Thousands)

	Public Health Services	USDA Women, Infants, and Children	Total
ASSETS			
Cash and cash equivalents	$ 1,385	$ 2,124	$ 3,509
Receivables, net:			
Intergovernmental	6,302	480	6,782
Other	246	16,078	16,324
Due from other funds	362		362
Inventories	2,745	6,337	9,082
Total assets	$ 11,040	$ 25,019	$ 36,059
LIABILITIES			
Accounts payable and accrued liabilities	$ 5,956	$ 13,474	$ 19,430
Intergovernmental payables	4,570	2,744	7,314
Due to other funds	12	14	26
Due to component units	233		233
Deferred revenues	269	8,787	9,056
Total liabilities	11,040	25,019	36,059
FUND BALANCES			
Reserved for:			
Encumbrances		2,954	2,954
Inventories	2,745	6,337	9,082
Unreserved, undesignated	(2,745)	(9,291)	(12,036)
Total fund balances	-- --	-- --	-- --
Total liabilities and fund balances	$ 11,040	$ 25,019	$ 36,059

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds
Department of Public Health

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Public Health Services	USDA Women, Infants, and Children	Total
REVENUES			
Federal government	$ 63,007	$ 138,749	$ 201,756
Licenses and fees	246		246
Other	189	53,151	53,340
Total revenues	63,442	191,900	255,342
EXPENDITURES			
Current:			
Health and social services	68,168	191,355	259,523
Capital outlays	1,819	485	2,304
Total expenditures	69,987	191,840	261,827
Excess (deficiency) of revenues over (under) expenditures	(6,545)	60	(6,485)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Operating transfers-in	6,620		6,620
Operating transfers-out	(75)	(60)	(135)
Operating transfers to component units			
Net other sources (uses) of financial resources	6,545	(60)	6,485
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	-- --	-- --	-- --
Fund balances, July 1, 1996	-- --	-- --	-- --
FUND BALANCES, JUNE 30, 1997	$ -- --	$ -- --	$ -- --

Combining Balance Sheet - Special Revenue Funds
Department of Rehabilitation Services

June 30, 1997 (Expressed in Thousands)

	Vocational Rehabilitation	Old Age Survivors Insurance	Total
ASSETS			
Cash and cash equivalents	$ 14,014	$ 261	$ 14,275
Receivables, net:			
Intergovernmental	1,613	3,255	4,868
Other	151		151
Due from component units	2		2
Inventories	423	193	616
Total assets	$ 16,203	$ 3,709	$ 19,912
LIABILITIES			
Accounts payable and accrued liabilities	$ 3,325	$ 3,269	$ 6,594
Intergovernmental payables	422	77	499
Due to other funds	901	167	1,068
Due to component units	169	3	172
Deferred revenues	19		19
Total liabilities	4,836	3,516	8,352
FUND BALANCES			
Reserved for:			
Encumbrances	547	357	904
Inventories	423	193	616
Unreserved, undesignated	10,397	(357)	10,040
Total fund balances	11,367	193	11,560
Total liabilities and fund balances	$ 16,203	$ 3,709	$ 19,912

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds
Department of Rehabilitation Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Vocational Rehabilitation	Old Age Survivors Insurance	Total
REVENUES			
Federal government	$ 98,064	$ 56,759	$ 154,823
Other	554	2	556
Total revenues	98,618	56,761	155,379
EXPENDITURES			
Current:			
Health and social services	88,896	56,274	145,170
Debt service:			
Principal	8		8
Capital outlays	1,014	294	1,308
Total expenditures	89,918	56,568	146,486
Excess (deficiency) of revenues over (under) expenditures	8,700	193	8,893
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Operating transfers-out	(301)		(301)
Operating transfers to component units	(925)		(925)
Proceeds from capital lease financing	4		4
Net other sources (uses) of financial resources	(1,222)	--	(1,222)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	7,478	193	7,671
Fund balances, July 1, 1996	3,889	--	3,889
FUND BALANCES, JUNE 30, 1997	$ 11,367	$ 193	$ 11,560

Combining Balance Sheet - Special Revenue Funds
Department of Revenue
June 30, 1997 (Expressed in Thousands)

	State Gaming	State & Local Sales Tax Reform	County & Mass Transit District	Local Government Tax	Local Government Distributive
ASSETS					
Cash and cash equivalents	$ 29,397	$ 32,333	$ 34,348	$ 195,195	$ 7,544
Receivables, net:					
Taxes	3,556	12,104	16,096	81,049	1,553
Intergovernmental					
Other					
Due from other funds					93,217
Total assets	$ 32,953	$ 44,437	$ 50,444	$ 276,244	$ 102,314
LIABILITIES					
Accounts payable and accrued liabilities	$ 346				
Intergovernmental payables	19,360	$ 8,244	$ 27,666	$ 254,865	$ 99,931
Due to other funds	3,667	32,976	18,552		625
Deferred revenues		3,217	4,226	21,379	397
Other liabilities					1,361
Total liabilities	23,373	44,437	50,444	276,244	102,314
FUND BALANCES					
Reserved for encumbrances		25		15,891	
Unreserved, undesignated	9,580	(25)		(15,891)	
Total fund balance	9,580	--	--	--	--
Total liabilities and fund balances	$ 32,953	$ 44,437	$ 50,444	$ 276,244	$ 102,314

Personal Property Tax Replacement	Build Illinois	Total
$ 174,123	$ 9,832	$ 482,772
66,152	28,719	209,229
91,322		91,322
329	70	399
	9,450	102,667
$ 331,926	$ 48,071	$ 886,389
$ 4,830	$ 18,976	$ 24,152
203,562		613,628
80,408		136,228
43,126	5,918	78,263
		1,361
331,926	24,894	853,632
		15,916
	23,177	16,841
--	23,177	32,757
$ 331,926	$ 48,071	$ 886,389

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds
Department of Revenue

For the Year Ended June 30, 1997 (Expressed in Thousands)

	State Gaming	State & Local Sales Tax Reform	County & Mass Transit District	Local Government Tax	Local Government Distributive
REVENUES					
Income taxes					
Sales taxes		$ 169,708	$ 235,264	$ 1,125,554	$ 21,076
Public utility taxes					
Other taxes	$ 261,732				
Licenses and fees	1,064				
Interest and other investment income					
Total revenues	262,796	169,708	235,264	1,125,554	21,076
EXPENDITURES					
Current:					
General government	89,835	33,934	235,264	1,125,554	818,430
Debt service:					
Principal					
Interest					
Capital outlays	154				
Total expenditures	89,989	33,934	235,264	1,125,554	818,430
Excess (deficiency) of revenues over (under) expenditures	172,807	135,774	-- --	-- --	(797,354)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers-in					802,364
Operating transfers-out	(162,203)	(135,774)			(5,010)
Proceeds from capital lease financing					
Net other sources (uses) of financial resources	(162,203)	(135,774)	-- --	-- --	797,354
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	10,604	-- --	-- --	-- --	-- --
Fund balances (deficit), July 1, 1996	(1,024)	-- --	-- --	-- --	-- --
FUND BALANCES , JUNE 30, 1997	$ 9,580	$ -- --	$ -- --	$ -- --	$ -- --

Personal Property Tax Replacement	Build Illinois	Total
$ 664,784		$ 664,784
	$ 292,472	1,844,074
207,575		207,575
	70,434	332,166
		1,064
2,658	756	3,414
875,017	363,662	3,053,077
859,239	31,159	3,193,415
18		18
15,521		15,521
304		458
875,082	31,159	3,209,412
(65)	332,503	(156,335)
	37,803	840,167
(12)	(370,714)	(673,713)
77		77
65	(332,911)	166,531
-- --	(408)	10,196
-- --	23,585	22,561
$ -- --	$ 23,177	$ 32,757

Combining Balance Sheet - Special Revenue Funds
Department of Transportation
June 30, 1997 (Expressed in Thousands)

	Road	Motor Fuel Tax	Grade Crossing Protection	Federal/ Local Airport	State Rail Freight Loan Repayment
ASSETS					
Cash and cash equivalents	$ 391,312	$ 119,182	$ 45,011	$ 3,461	$ 2,553
Receivables, net:					
Taxes		107,629			
Intergovernmental	358,382			10,373	
Other	29,011				12
Due from other funds	30,990	21,149	1,500	14	
Inventories	21,460				
Loans and notes receivable					21,572
Other assets	1,464				
Total assets	$ 832,619	$ 247,960	$ 46,511	$ 13,848	$ 24,137
LIABILITIES					
Accounts payable and accrued liabilities	$ 86,007	$ 7,373	$ 774	$ 10,018	
Intergovernmental payables	10,463	47,720	968	612	
Due to other funds	30,258	52,989		38	
Due to component units	2,289			46	
Deferred revenues		10,552		3,134	
Total liabilities	129,017	118,634	1,742	13,848	
FUND BALANCES					
Reserved for:					
Encumbrances	665,902	1	56,693	75,782	$ 119
Long-term portion of:					
Intergovernmental receivables	273,989				
Loans and notes receivable					20,071
Inventories	21,460				
Other	1,464				
Unreserved, undesignated	(259,213)	129,325	(11,924)	(75,782)	3,947
Total fund balances	703,602	129,326	44,769	-- --	24,137
Total liabilities and fund balances	$ 832,619	$ 247,960	$ 46,511	$ 13,848	$ 24,137

Public Transportation	State Construction Account	Total
$ 14,130	$ 216,634	$ 792,283
		107,629
		368,755
	1,141	30,164
35,028	33,932	122,613
		21,460
		21,572
		1,464
$ 49,158	$ 251,707	$ 1,465,940
	$ 43,071	$ 147,243
$ 49,158		108,921
		83,285
		2,335
		13,686
49,158	43,071	355,470
	469,949	1,268,446
		273,989
		20,071
		21,460
		1,464
	(261,313)	(474,960)
-- --	208,636	1,110,470
$ 49,158	$ 251,707	$ 1,465,940

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds
Department of Transportation

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Road	Motor Fuel Tax	Grade Crossing Protection	Federal/ Local Airport	State Rail Freight Loan Repayment
REVENUES					
Motor fuel taxes		$ 1,171,473			
Federal government	$ 721,713	281		$ 76,286	
Licenses and fees	436,888	644			
Interest and other investment income	18,588				$ 720
Other	59,067			69,384	
Total revenues	1,236,256	1,172,398		145,670	720
EXPENDITURES					
Current:					
General government	196,087	49,337			
Transportation	1,106,389	470,640	$ 17,197	145,588	4
Public protection and justice	52,732				
Debt service:					
Principal	1,561	184			
Interest	467	14			
Capital outlays	31,656	1,077			
Total expenditures	1,388,892	521,252	17,197	145,588	4
Excess (deficiency) of revenues over (under) expenditures	(152,636)	651,146	(17,197)	82	716
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers-in	445,410	87,964	18,000	174	984
Operating transfers-out	(200,182)	(724,354)	(1,501)	(256)	
Operating transfers to component units	(618)				
Capital lease financing	738				
Net other sources (uses) of financial resources	245,348	(636,390)	16,499	(82)	984
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	92,712	14,756	(698)	-- --	1,700
Fund balances, July 1, 1996	610,890	114,570	45,467	-- --	22,437
FUND BALANCES, JUNE 30, 1997	$ 703,602	$ 129,326	$ 44,769	$ -- --	$ 24,137

Public Transportation	State Construction Account	Total
		$ 1,171,473
		798,280
	$ 284,088	721,620
	10,899	30,207
		128,451
	294,987	2,850,031
		245,424
$ 172,480	584,432	2,496,730
		52,732
		1,745
		481
		32,733
172,480	584,432	2,829,845
(172,480)	(289,445)	20,186
172,492	267,176	992,200
(12)	(35)	(926,340)
		(618)
		738
172,480	267,141	65,980
-- --	(22,304)	86,166
-- --	230,940	1,024,304
$ -- --	$ 208,636	$ 1,110,470

Combining Balance Sheet - Special Revenue Funds
State Board of Education
June 30, 1997 (Expressed in Thousands)

	Drivers Education	Special Education Medicaid Matching	Federal Department of Agriculture	Federal Department of Education	Total
ASSETS					
Cash and cash equivalents	$ 15,431		$ 463	$ 1,203	$ 17,097
Intergovernmental receivables, net	211	$ 9,655	39,356	30,806	80,028
Due from other funds	1,956			217	2,173
Inventories			2,744		2,744
Total assets	$ 17,598	$ 9,655	$ 42,563	$ 32,226	$ 102,042
LIABILITIES					
Accounts payable and accrued liabilities			$ 8,345	$ 2,775	$ 11,120
Intergovernmental payables	$ 31,264	$ 9,655	31,413	28,971	101,303
Due to other funds	9		195	359	563
Due to component units			11	121	132
Total liabilities	31,273	9,655	39,964	32,226	113,118
FUND BALANCES (DEFICIT)					
Reserved for:					
Encumbrances	248		4,793	8,558	13,599
Inventories			2,744		2,744
Unreserved, undesignated	(13,923)		(4,938)	(8,558)	(27,419)
Total fund balances (deficit)	(13,675)	--	2,599	--	(11,076)
Total liabilities and fund balances	$ 17,598	$ 9,655	$ 42,563	$ 32,226	$ 102,042

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Special Revenue Funds State Board of Education

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Drivers Education	Special Education Medicaid Matching	Federal Department of Agriculture	Federal Department of Education	Total
REVENUES					
Federal government		$ 91,528	$ 315,508	$ 563,777	$ 970,813
Licenses and fees	$ 11,242				11,242
Other	5,736			58	5,794
Total revenues	16,978	91,528	315,508	563,835	987,849
EXPENDITURES					
Current:					
Education	16,211	91,527	314,040	553,715	975,493
Capital outlays	15		109	220	344
Total expenditures	16,226	91,527	314,149	553,935	975,837
Excess (deficiency) of revenues over (under) expenditures	752	1	1,359	9,900	12,012
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers-out	(1)	(1)	(773)	(6,914)	(7,689)
Operating transfers to component units				(2,986)	(2,986)
Net other sources (uses) of financial resources	(1)	(1)	(773)	(9,900)	(10,675)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	751	-- --	586	-- --	1,337
Fund balances (deficit), July 1, 1996	(14,426)	-- --	2,013	-- --	(12,413)
FUND BALANCES (DEFICIT), JUNE 30, 1997	$ (13,675)	$ -- --	$ 2,599	$ -- --	$ (11,076)

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DEBT SERVICE FUNDS

The Debt Service Funds are maintained to account for resources obtained and accumulated to pay interest and principal on general long-term obligations.

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SIGNIFICANT DEBT SERVICE FUNDS DESCRIPTIONS

Treasurer

General Obligation Bond Retirement and Interest Fund--to account for payments of principal and interest related to general obligation bonds. These bonds provide financing for the protection of the environment within the State; the acquisition, construction, reconstruction, extension and improvement of highways; the acquisition, construction, reconstruction and improvement of capital projects; the construction of facilities leased back to the State; and the development of mass transportation and aviation systems within the State.

Department of Central Management Services

ESCO COP Debt Service Fund--to account for the payment of principal and interest upon certificates of participation issued to finance energy service agreements at various sites within the State.

EPA COP Debt Service Fund--to account for the payment of principal and interest upon certificates of participation issued to purchase and renovate a building for use by the Environmental Protection Agency.

Department of Commerce and Community Affairs

Illinois Civic Center Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance the construction of local civic centers. Funding consists of transfers from the Metropolitan Exposition Auditorium and Office Building Fund and investment income.

Bureau of the Budget

Build Illinois Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance improvements related to existing or planned scientific research, manufacturing or industrial development or expansion in Illinois. Funding consists of transfers from the Build Illinois Fund and investment income.

Capital Development Board

Public Building/Debt Service Fund--to account for the payment of principal and interest on debt issued to finance improvements related to existing or planned improvements in building infrastructure.

Illinois Student Assistance Commission

ISAC COP Debt Service Fund--to account for the payment of principal and interest upon certificates of participation issued to finance improvements related to existing or planned improvements in building infrastructure.

Combining Balance Sheet
Debt Service Funds

June 30, 1997 (Expressed In Thousands)

	Treasurer		Commerce and Community Affairs	Bureau of the Budget	Capital Development Board
	General Obligation BR & I	Central Management Services	Civic Center BR & I	Build Illinois BR & I	Public Building
ASSETS					
Cash and cash equivalents	$ 411,062	$ 3,105	$ 8,989	$ 97,692	$ 288
Investments		1,922	14,541	71,291	
Other receivables, net	1,629		43	391	
Due from other funds	9				
Loans and notes receivable	25,500				
Total Assets	$ 438,200	$ 5,027	$ 23,573	$ 169,374	$ 288
LIABILITIES					
Accounts payable and accrued liabilities				$ 18	
Due to other funds					$ 7
Due to component units		$ 884			
Other liabilities					281
Total liabilities		884		18	288
FUND BALANCES					
Reserved for long term portion of loans and notes receivable	$ 25,500				
Unreserved, designated for debt service	412,700	4,143	$ 23,573	169,356	
Total fund balances	438,200	4,143	23,573	169,356	--
Total liabilities and fund balances	$ 438,200	$ 5,027	$ 23,573	$ 169,374	$ 288

Illinois Student Assistance Commission COP Debt Service	Other	Total
$ 2,180	$ 1,585	$ 524,901
		87,754
	4	2,067
		9
		25,500
$ 2,180	$ 1,589	$ 640,231
		$ 18
		7
		884
		281
		1,190
		25,500
$ 2,180	$ 1,589	613,541
2,180	1,589	639,041
$ 2,180	$ 1,589	$ 640,231

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Debt Service Funds

For the Year Ended June 30, 1997 (Expressed In Thousands)

	Treasurer General Obligation BR & I	Central Management Services	Commerce and Community Affairs Civic Center BR & I	Bureau of the Budget Build Illinois BR & I	Capital Development Board Public Building
REVENUES					
Federal government	$ 380				
Licenses and fees	221				
Interest and other investment income	16,685	$ 149	$ 848	$ 10,419	
Other	342	1,170			$ 66
Total revenues	17,628	1,319	848	10,419	66
EXPENDITURES					
Current:					
General government			30	80	
Debt service:					
Principal	419,063	365	3,400	57,347	
Interest	254,296	2,530	11,027	94,395	
Total expenditures	673,359	2,895	14,457	151,822	
Excess (deficiency) of revenues over (under) expenditures	(655,731)	(1,576)	(13,609)	(141,403)	66
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Proceeds from general obligation bond refunding issues	84,803				
Operating transfers-in	701,210	4,204	14,596	201,247	23
Operating transfers-out		(283)			(89)
Payment to refunded bond escrow agent	(84,803)				
Net other sources (uses) of financial resources	701,210	3,921	14,596	201,247	(66)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	45,479	2,345	987	59,844	-- --
Fund balances, July 1, 1996	392,721	1,798	22,586	109,512	-- --
FUND BALANCES, JUNE 30, 1997	$ 438,200	$ 4,143	$ 23,573	$ 169,356	$ -- --

Illinois Student Assistance Commission COP Debt Service	Other	Total
		$ 380
		221
$ 89	$ 9	28,199
		1,578
89	9	30,378
		110
670		480,845
1,505	2,998	366,751
2,175	2,998	847,706
(2,086)	(2,989)	(817,328)
		84,803
2,007	3,729	927,016
	(37)	(409)
		(84,803)
2,007	3,692	926,607
(79)	703	109,279
2,259	886	529,762
$ 2,180	$ 1,589	$ 639,041

Combining Balance Sheet - Debt Service Funds
Department of Central Management Services

June 30, 1997 (Expressed in Thousands)

	ESCO COP Debt Service	EPA COP Debt Service	Total
ASSETS			
Cash and cash equivalents	$ 1,951	$ 1,154	$ 3,105
Investments	1,922		1,922
Total Assets	$ 3,873	$ 1,154	$ 5,027
LIABILITIES			
Due to component units	$ 884		$ 884
Total liabilities	884		884
FUND BALANCES			
Unreserved, designated for debt service	2,989	$ 1,154	4,143
Total fund balances	2,989	1,154	4,143
Total liabilities and fund balances	$ 3,873	$ 1,154	$ 5,027

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Debt Service Funds
Department of Central Management Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	ESCO COP Debt Service	EPA COP Debt Service	Total
REVENUES			
Interest and other investment income	$ 148	$ 1	$ 149
Other		1,170	1,170
Total revenues	148	1,171	1,319
EXPENDITURES			
Debt service:			
Principal	365		365
Interest	1,099	1,431	2,530
Total expenditures	1,464	1,431	2,895
Excess (deficiency) of revenues over (under) expenditures	(1,316)	(260)	(1,576)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Operating transfers-in	2,692	1,512	4,204
Operating transfers-out	(185)	(98)	(283)
Net other sources (uses) of financial resources	2,507	1,414	3,921
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	1,191	1,154	2,345
Fund balances, July 1, 1996	1,798		1,798
FUND BALANCES, JUNE 30, 1997	$ 2,989	$ 1,154	$ 4,143

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CAPITAL PROJECTS FUNDS

The Capital Projects Funds are maintained to account for the acquisition and/or construction of major capital facilities.

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SIGNIFICANT CAPITAL PROJECTS FUNDS DESCRIPTIONS

Department of Central Management Services

ESCO COP Capital Projects Fund--to account for proceeds from issuance of certificates of participation for energy service agreements at various sites within the State. Also to receive lease payments from other State agencies for the agreements.

DPA COP Capital Projects Fund--to account for proceeds from the issuance of certificates of participation for the construction and purchase of a building for use by the Department of Public Aid.

EPA COP Capital Projects Fund--to account for proceeds from the issuance of certificates of participation for the purchase and renovation of a building for use by the Environmental Protection Agency.

Department of Commerce and Community Affairs

Build Illinois Bond Fund--to account for the proceeds of bond sales from the Build Illinois Bond Program. The proceeds are used to finance improvements related to scientific research, manufacturing, and industrial development or expansion.

Department of Transportation

Transportation Bond Series A Fund--to provide funds through the sale of bond issues for State highway acquisition, construction, reconstruction, extension and improvements, including the repair and reconstruction of unsafe and substandard bridges on roads maintained by counties, municipalities, townships and road districts.

Transportation Bond Series B Fund--to provide funds through the sale of bond issues for mass transportation and aviation purposes including, but not limited to, the acquisition of mass transportation equipment, including rail and bus and other equipment for counties under the Regional Transportation Authority.

Bureau of the Budget

Series FY95a COP Capital Projects Fund--to account for proceeds from the issuance of certificates of participation for the construction and lease purchase of correctional facilities within the State.

Series FY96a COP Capital Projects Fund--to account for proceeds from the issuance of certificates of participation for the construction and lease purchase of correctional facilities within the State.

Capital Development Board

Capital Development Fund--to account for proceeds from bond issues and disbursements for capital development projects within the State.

Capital Development Board Contributory Trust Fund--to account for local, state and federal funding for the construction and remodeling of buildings, and the purchase of land and equipment in connection with the various contributing educational institutions, State departments and agencies as authorized by law.

School Construction Fund--to account for proceeds from bond issues and disbursements for school construction projects within the State.

Environmental Protection Agency

Anti-Pollution Fund--to account for proceeds from bond issues and disbursements for the planning, financing, and construction of municipal sewage treatment works and solid waste disposal facilities.

Combining Balance Sheet
Capital Projects Funds

June 30, 1997 (Expressed In Thousands)

				Agencies, Boards and Auth.	
	Central Management Services	Commerce & Community Affairs Build Illinois Bond	Transportation	Bureau of the Budget	Capital Development Board
ASSETS					
Cash and cash equivalents	$ 21,900	$ 53,840	$ 36,895	$ 1,617	$ 56,462
Investments	10,579				
Receivables, net:					
Intergovernmental					2,272
Other				7	
Due from component units	8,035				
Total assets	$ 40,514	$ 53,840	$ 36,895	$ 1,624	$ 58,734
LIABILITIES					
Accounts payable and accrued liabilities		$ 2,675	$ 808	$ 414	$ 43,098
Intergovernmental payables		8,943	58		3,631
Due to other funds			25		300
Due to component units		1,100	4		42
Deferred revenues					6,286
Other liabilities					196
Total liabilities		12,718	895	414	53,553
FUND BALANCES					
Reserved for encumbrances		27,326	90,498		91,291
Unreserved, undesignated	$ 40,514	13,796	(54,498)	1,210	(86,110)
Total fund balances	40,514	41,122	36,000	1,210	5,181
Total liabilities and fund balances	$ 40,514	$ 53,840	$ 36,895	$ 1,624	$ 58,734

Agencies, Bds and Auth. con't. Environmental Protection Agency Anti-Pollution	Other	Total
$ 4,271	$ 6,611	$ 181,596
		10,579
		2,272
	59	66
		8,035
$ 4,271	$ 6,670	$ 202,548
	$ 101	$ 47,096
$ 142		12,774
		325
	20	1,166
		6,286
		196
142	121	67,843
	89	209,204
4,129	6,460	(74,499)
4,129	6,549	134,705
$ 4,271	$ 6,670	$ 202,548

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Capital Projects Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

		Commerce & Community Affairs		Agencies, Boards and Auth.	
	Central Management Services	Build Illinois Bond	Transportation	Bureau of the Budget	Capital Development Board
REVENUES					
Federal government					$ 2,240
Interest and other investment income	$ 2,395			$ 1,049	2
Other	471				15,850
Total revenues	2,866			1,049	18,092
EXPENDITURES					
Current:					
Education		$ 262			51,833
General government	6,704	3,616			3,150
Transportation		2,463	$ 112,128		189
Natural resources and recreation		34,479			366
Capital outlays		1,121		36,037	158,440
Total expenditures	6,704	41,941	112,128	36,037	213,978
Excess (deficiency) of revenues over (under) expenditures	(3,838)	(41,941)	(112,128)	(34,988)	(195,886)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Proceeds from general/special obligation bond issues		59,447	94,179		230,368
Operating transfers-in	1,391			2	
Operating transfers-out	(5,156)		(288)	(1,477)	(3,003)
Operating transfers to component units		(8,167)			(60,700)
Net other sources (uses) of financial resources	(3,765)	51,280	93,891	(1,475)	166,665
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(7,603)	9,339	(18,237)	(36,463)	(29,221)
Fund balances, July 1, 1996	48,117	31,783	54,237	37,673	34,402
FUND BALANCES, JUNE 30, 1997	$ 40,514	$ 41,122	$ 36,000	$ 1,210	$ 5,181

Agencies, Bds and Auth. con't.			
Environmental Protection Agency			
Anti-Pollution		Other	Total
			$ 2,240
			3,446
		$ 10	16,331
		10	22,017
			52,095
		5,324	18,794
			114,780
$	19,933		54,778
		173	195,771
	19,933	5,497	436,216
	(19,933)	(5,487)	(414,201)
	20,000	2,479	406,473
		3,000	4,393
		(2)	(9,926)
			(68,867)
	20,000	5,477	332,073
	67	(10)	(82,128)
	4,062	6,559	216,833
$	4,129	$ 6,549	$ 134,705

Combining Balance Sheet - Capital Projects Funds
Department of Central Management Services

June 30, 1997 (Expressed in Thousands)

	ESCO COP Capital Projects	DPA COP Capital Projects	EPA COP Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 41	$ 19,039	$ 2,820	$ 21,900
Investments		235	10,344	10,579
Due from component units	8,035			8,035
Total assets	$ 8,076	$ 19,274	$ 13,164	$ 40,514
FUND BALANCES				
Unreserved, undesignated	$ 8,076	$ 19,274	$ 13,164	$ 40,514
Total fund balances	8,076	19,274	13,164	40,514
Total liabilities and fund balances	$ 8,076	$ 19,274	$ 13,164	$ 40,514

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Capital Projects Funds
Department of Central Management Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	ESCO COP Capital Projects	DPA COP Capital Projects	EPA COP Capital Projects	Total
REVENUES				
Interest and other investment income	$ 323	$ 936	$ 1,136	$ 2,395
Other	271		200	471
Total revenues	594	936	1,336	2,866
EXPENDITURES				
Current:				
General government	1,689	17	4,998	6,704
Total expenditures	1,689	17	4,998	6,704
Excess (deficiency) of revenues over (under) expenditures	(1,095)	919	(3,662)	(3,838)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Operating transfers-in	1,258	35	98	1,391
Operating transfers-out	(2,692)	(952)	(1,512)	(5,156)
Net other sources (uses) of financial resources	(1,434)	(917)	(1,414)	(3,765)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(2,529)	2	(5,076)	(7,603)
Fund balances, July 1, 1996	10,605	19,272	18,240	48,117
FUND BALANCES, JUNE 30, 1997	$ 8,076	$ 19,274	$ 13,164	$ 40,514

Combining Balance Sheet - Capital Projects Funds
Department of Transportation

June 30, 1997 (Expressed in Thousands)

	Transportation Bond Series-A	Transportation Bond Series-B	Total
ASSETS			
Cash and cash equivalents	$	$ 36,895	$ 36,895
Total assets	$ --	$ 36,895	$ 36,895
LIABILITIES			
Accounts payable and accrued liabilities	$	$ 808	$ 808
Intergovernmental payables		58	58
Due to other funds		25	25
Due to component units		4	4
Total liabilities		895	895
FUND BALANCES			
Reserved for encumbrances		90,498	90,498
Unreserved, undesignated		(54,498)	(54,498)
Total fund balances		36,000	36,000
Total liabilities and fund balances	$ --	$ 36,895	$ 36,895

Combining Statement of Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Capital Projects Funds Department of Transportation

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Transportation		
	Bond Series-A	Bond Series-B	Total
EXPENDITURES			
Current:			
Transportation	$ 42,298	$ 69,830	$ 112,128
Total expenditures	42,298	69,830	112,128
Excess (deficiency) of revenues over (under) expenditures	(42,298)	(69,830)	(112,128)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Proceeds from general/special obligation bond issues		94,179	94,179
Operating transfers-out		(288)	(288)
Net other sources (uses) of financial resources		93,891	93,891
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(42,298)	24,061	(18,237)
Fund balances, July 1, 1996	42,298	11,939	54,237
FUND BALANCES , JUNE 30, 1997	$ --	$ 36,000	$ 36,000

Combining Balance Sheet - Capital Projects Funds
Bureau of the Budget

June 30, 1997 (Expressed in Thousands)

	Series FY95a COP Capital Projects	Series FY96a COP Capital Projects	Total
ASSETS			
Cash and cash equivalents	$ 308	$ 1,309	$ 1,617
Other receivables, net	1	6	7
Total assets	$ 309	$ 1,315	$ 1,624
LIABILITIES			
Accounts payable and accrued liabilities		$ 414	$ 414
Total liabilities		414	414
FUND BALANCES			
Unreserved, undesignated	$ 309	901	1,210
Total fund balances	309	901	1,210
Total liabilities and fund balances	$ 309	$ 1,315	$ 1,624

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Capital Projects Funds
Bureau of the Budget

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Series FY95a COP Capital Projects	Series FY96a COP Capital Projects	Total
REVENUES			
Interest and other investment income	$ 200	$ 849	$ 1,049
Total revenues	200	849	1,049
EXPENDITURES			
Capital outlays	19,986	16,051	36,037
Total expenditures	19,986	16,051	36,037
Excess (deficiency) of revenues over (under) expenditures	(19,786)	(15,202)	(34,988)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Operating transfers-in	2		2
Operating transfers-out	(248)	(1,229)	(1,477)
Net other sources (uses) of financial resources	(246)	(1,229)	(1,475)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(20,032)	(16,431)	(36,463)
Fund balances, July 1, 1996	20,341	17,332	37,673
FUND BALANCES, JUNE 30, 1997	$ 309	$ 901	$ 1,210

Combining Balance Sheet - Capital Projects Funds
Capital Development Board

June 30, 1997 (Expressed in Thousands)

	Capital Development	School Construction	CDB Contributory Trust	Total
ASSETS				
Cash and cash equivalents	$ 46,083	$ 4,477	$ 5,902	$ 56,462
Intergovernmental receivables, net			2,272	2,272
Total assets	$ 46,083	$ 4,477	$ 8,174	$ 58,734
LIABILITIES				
Accounts payable and accrued liabilities	$ 41,184	$ 26	$ 1,888	$ 43,098
Intergovernmental payables	36	3,595		3,631
Due to other funds	300			300
Due to component units	42			42
Deferred revenues			6,286	6,286
Other liabilities	196			196
Total liabilities	41,758	3,621	8,174	53,553
FUND BALANCES				
Reserved for encumbrances	86,157	215	4,919	91,291
Unreserved, undesignated	(81,832)	641	(4,919)	(86,110)
Total fund balances	4,325	856	-- --	5,181
Total liabilities and fund balances	$ 46,083	$ 4,477	$ 8,174	$ 58,734

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Capital Projects Funds
Capital Development Board

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Capital Development	School Construction	CDB Contributory Trust	Total
REVENUES				
Federal government			$ 2,240	$ 2,240
Interest and other investment income	$ 2			2
Other			15,850	15,850
Total revenues	2		18,090	18,092
EXPENDITURES				
Current:				
Education	21,195	$ 16,129	14,509	51,833
General government	2,096		1,054	3,150
Transportation	189			189
Natural resources and recreation	366			366
Capital outlays	156,273		2,167	158,440
Total expenditures	180,119	16,129	17,730	213,978
Excess (deficiency) of revenues over (under) expenditures	(180,117)	(16,129)	360	(195,886)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Proceeds from general/special obligation bond issues	213,671	16,697		230,368
Operating transfers-out	(3,000)		(3)	(3,003)
Operating transfers to component units	(60,343)		(357)	(60,700)
Net other sources (uses) of financial resources	150,328	16,697	(360)	166,665
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	(29,789)	568	-- --	(29,221)
Fund balances, July 1, 1996	34,114	288	-- --	34,402
FUND BALANCES, JUNE 30, 1997	$ 4,325	$ 856	$ -- --	$ 5,181

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ENTERPRISE FUNDS

Enterprise Funds are maintained to account for the operations where the intent of the State is to provide services to the general public in a manner similar to private business enterprises.

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SIGNIFICANT ENTERPRISE FUNDS DESCRIPTIONS

Attorney Registration and Disciplinary Commission

Operating Fund--to account for the activities of the Commission which include maintaining a master listing of licensed attorneys and investigating and prosecuting complaints against Illinois attorneys.

Department of Central Management Services

Local Government Health Insurance Reserve Fund--to provide health and dental insurance to participating local government entities. Premiums are collected from units of local government and the insurance plan is administered by private companies.

Teacher Health Insurance Security Fund--to provide health benefits for the Teachers' Retirement System recipient and dependent beneficiaries.

Department of Corrections

Commissary Fund--to account for the operations of the commissary exclusive of labor costs. The profits from the operations are transferred to funds that are for the special benefit of residents and employees.

Department of Insurance

Office of the Special Deputy Receiver--to account for certain activities of the special deputy appointed by the director of the Department of Insurance. The special deputy is empowered to manage the affairs of insurance companies placed in conservation, rehabilitation or liquidation.

Department of Lottery

State Lottery Fund--to account for all receipts and expenses from the operation of the State Lottery. The net proceeds are transferred to the General Fund.

Student Assistance Commission

Designated Account Purchase Program Fund--to account for bond proceeds used to purchase defaulted loans from lenders. Revenue is generated primarily from investment income and bond proceeds.

Illinois Opportunity Loan Program Fund--to account for a direct loan program that assists full-time Illinois college students.

Combining Balance Sheet
Enterprise Funds
June 30, 1997 (Expressed in Thousands)

	Departments				Agencies, Boards and Commissions		
	Central Management Services	Corrections Commissionary	Insurance Office of the Special Deputy Receiver	Lottery State Lottery	Student Assistance Commision	Other	Total
ASSETS							
Cash and cash equivalents	$ 43,646	$ 2,503	$ 386	$ 7,323	$ 33,046	$ 11,021	$ 97,925
Investments, short-term				14,005	39,009	6,044	59,058
Receivables, net:							
Intergovernmental	933				10,893		11,826
Other	3,056	4	1,978	17,555	10,144	4,536	37,273
Due from other funds		178		25,103		8	25,289
Inventories		1,836		2,844		40	4,720
Prepaid expenses				89	1,029	100	1,218
Restricted assets ($136,880 cash equivalents)					139,044		139,044
Total current assets	47,635	4,521	2,364	66,919	233,165	21,749	376,353
Investments				65,594		7,128	72,722
Loans and notes receivable					746,396		746,396
Restricted assets					160,687		160,687
Property, plant and equipment, net				1,694	232	2,186	4,112
Other assets			2				2
Total assets	$ 47,635	$ 4,521	$ 2,366	$ 134,207	$ 1,140,480	$ 31,063	$ 1,360,272
LIABILITIES							
Accounts payable and accrued liabilities	$ 9,699	$ 1,087	$ 1,981	$ 22,398	$ 13,420	$ 3,188	$ 51,773
Intergovernmental payables						5	5
Due to other funds	18	3,434		1,618		110	5,180
Deferred revenues				2,607		8,191	10,798
Notes payable, current					95,954		95,954
Revenue bonds payable, current					311,565		311,565
Other liabilities	81		385	13,985	717	4,417	19,585
Total current liabilities	9,798	4,521	2,366	40,608	421,656	15,911	494,860
Revenue bonds payable					639,428		639,428
Other obligations				65,633		3	65,636
Total liabilities	9,798	4,521	2,366	106,241	1,061,084	15,914	1,199,924
FUND EQUITY							
Retained earnings:							
Reserved for:							
Revenue bond and note retirement					79,396		79,396
Other				27,966			27,966
Unreserved	37,837					15,149	52,986
Total fund equity	37,837	-- --	-- --	27,966	79,396	15,149	160,348
Total liabilities and fund equity	$ 47,635	$ 4,521	$ 2,366	$ 134,207	$ 1,140,480	$ 31,063	$ 1,360,272

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Departments				Agencies, Boards and Commissions		
		Corrections	Insurance	Lottery			
	Central Management Services	Commissary	Office of the Special Deputy Receiver	State Lottery	Student Assistance Commission	Other	Total
OPERATING REVENUES							
Charges for sales and services	$ 131,366	$ 27,862	$ 38,032	$ 1,569,287		$ 29,507	$ 1,796,054
Interest and other investment income					$ 76,870		76,870
Other	707	78		14,894	60	490	16,229
Total operating revenues	132,073	27,940	38,032	1,584,181	76,930	29,997	1,889,153
OPERATING EXPENSES							
Costs of sales and services		25,682	6,536	107,620	675	19,948	160,461
Benefit payments and refunds	120,357					5	120,362
Prizes and claims				827,414			827,414
Interest					51,995		51,995
General and administrative	1,665	122	28,613	62,506	16,757	2,218	111,881
Depreciation				700	180	612	1,492
Other		124	2,883		2,646	7,369	13,022
Total operating expenses	122,022	25,928	38,032	998,240	72,253	30,152	1,286,627
Operating income (loss)	10,051	2,012	-- --	585,941	4,677	(155)	602,526
NONOPERATING REVENUES (EXPENSES)							
Investment income	1,824	58		153	768	997	3,800
Interest expense					(2,406)		(2,406)
Other revenues		415				5	420
Other expenses		(427)				(1)	(428)
Income before operating transfers	11,875	2,058	-- --	586,094	3,039	846	603,912
Operating transfers-in				11		2	13
Operating transfers-out	(5)	(2,058)		(581,532)	(556)	(112)	(584,263)
Net income	11,870		-- --	4,573	2,483	736	19,662
Retained earnings, July 1, 1996	25,967	-- --	-- --	23,393	76,913	14,413	140,686
RETAINED EARNINGS, JUNE 30, 1997	$ 37,837	$ -- --	$ -- --	$ 27,966	$ 79,396	$ 15,149	$ 160,348

Combining Statement of Cash Flows
Enterprise Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Department				Agencies, Boards and Commissions		
		Corrections	Insurance	Lottery			
	Central Management Services	Commissary	Office of the Special Deputy Receiver	State Lottery	Student Assistance Commission	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from sales and services	$ 133,743	$ 27,934	$ 37,591	$ 1,568,133		$ 26,253	$ 1,793,654
Cash payments to suppliers for goods and services	(126,635)	(25,690)	(37,619)	(81,148)	$ (14,480)	(1,069)	(286,641)
Cash payments to employees for services	(997)	(122)		(83,958)	(5,729)	(19,120)	(109,926)
Cash payments for lottery prizes				(813,584)			(813,584)
Cash receipts from other operating activities		78		1,926	157,180	445	159,629
Cash payments for other operating activities		(124)		(11,668)	(176,060)	(6,912)	(194,764)
Net cash provided (used) by operating activities	6,111	2,076	(28)	579,701	(39,089)	(403)	548,368
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Proceeds from borrowing					167,211		167,211
Principal paid on borrowing					(68,600)		(68,600)
Interest paid on borrowing					(1,985)		(1,985)
Operating transfers-in from other funds						2	2
Operating transfers-out to other funds	(5)	(1,771)		(581,532)	(556)	(102)	(583,966)
Other noncapital financing activities		(12)		153		5	146
Net cash provided (used) by noncapital financing activities	(5)	(1,783)		(581,379)	96,070	(95)	(487,192)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets				(570)	(43)	(566)	(1,179)
Principal paid on bond maturities and equipment contracts					(7,565)	(5)	(7,570)
Net cash used in capital and related financing activities				(570)	(7,608)	(571)	(8,749)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investment securities					(312,051)	(10,454)	(322,505)
Proceeds from sale and maturities of investment securities					303,675	11,223	314,898
Interest and dividends on investments	1,835	58			723	978	3,594
Net cash provided (used) by investing activities	1,835	58			(7,653)	1,747	(4,013)
Net increase (decrease) in cash and cash equivalents	7,941	351	(28)	(2,248)	41,720	678	48,414
Cash and cash equivalents, July 1, 1996	35,705	2,152	414	9,571	128,206	10,343	186,391
CASH AND CASH EQUIVALENTS, JUNE 30, 1997	$ 43,646	$ 2,503	$ 386	$ 7,323	$ 169,926	$ 11,021	$ 234,805
Reconciliation of cash and cash equivalents to the balance sheet:							
Total cash and cash equivalents per the balance sheet	$ 43,646	$ 2,503	$ 386	$ 7,323	$ 33,046	$ 11,021	$ 97,925
Add: restricted cash equivalents					136,880		136,880
CASH AND CASH EQUIVALENTS, JUNE 30, 1997	$ 43,646	$ 2,503	$ 386	$ 7,323	$ 169,926	$ 11,021	$ 234,805
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$ 10,051	$ 2,012	$ --	$ 585,941	$ 4,677	$ (155)	$ 602,526
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation				700	180	612	1,492
Provision for uncollectible accounts				(40)			(40)
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	1,011	11	(441)	(1,302)	(43,098)	(154)	(43,973)
(Increase) decrease in due from other funds		61		(8,995)		(5)	(8,939)
(Increase) decrease in inventories		(52)		1,930		(2)	1,876
(Increase) decrease in prepaid expenses				(17)	(666)	(1)	(684)
Increase (decrease) in accounts payable and accrued liabilities	(4,908)	47	454	1,295	(175)	(857)	(4,144)
Increase (decrease) in intergovernmental payables	(2)					3	1
Increase (decrease) in due to other funds	(53)	(3)		70	(7)		7
Increase (decrease) in deferred revenues				179		365	544
Increase (decrease) in other liabilities	12		(42)	(60)		(209)	(299)
Other			1				1
Total adjustments	(3,940)	64	(28)	(6,240)	(43,766)	(248)	(54,158)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 6,111	$ 2,076	$ (28)	$ 579,701	$ (39,089)	$ (403)	$ 548,368

Combining Balance Sheet - Enterprise Funds
Department of Central Management Services

June 30, 1997 (Expressed in Thousands)

	Local Government Health Insurance Reserve	Teacher Health Insurance Security	Total
ASSETS			
Cash and cash equivalents	$ 10,129	$ 33,517	$ 43,646
Receivables, net:			
Intergovernmental	933		933
Other	1,206	1,850	3,056
Total assets	$ 12,268	$ 35,367	$ 47,635
LIABILITIES			
Accounts payable and accrued liabilities	$ 4,912	$ 4,787	$ 9,699
Due to other funds	10	8	18
Other liabilities	49	32	81
Total liabilities	4,971	4,827	9,798
FUND EQUITY			
Retained earnings, unreserved	7,297	30,540	37,837
Total fund equity	7,297	30,540	37,837
Total liabilities and fund equity	$ 12,268	$ 35,367	$ 47,635

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds Department of Central Management Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Local Government Health Insurance Reserve	Teacher Health Insurance Security	Total
OPERATING REVENUES			
Charges for sales and services	$ 38,239	$ 93,127	$ 131,366
Other	707		707
Total operating revenues	38,946	93,127	132,073
OPERATING EXPENSES			
Benefit payments and refunds	41,855	78,502	120,357
General and administrative	582	1,083	1,665
Total operating expenses	42,437	79,585	122,022
Operating income (loss)	(3,491)	13,542	10,051
NONOPERATING REVENUES			
Investment income	535	1,289	1,824
Income (loss) before operating transfers	(2,956)	14,831	11,875
Operating transfers-out	(5)		(5)
Net income (loss)	(2,961)	14,831	11,870
Retained earnings, July 1, 1996	10,258	15,709	25,967
RETAINED EARNINGS, JUNE 30, 1997	$ 7,297	$ 30,540	$ 37,837

Combining Statement of Cash Flows - Enterprise Funds
Department of Central Management Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Local Government Health Insurance Reserve	Teacher Health Insurance Security	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales and services	$ 38,674	$ 95,069	$ 133,743
Cash payments to suppliers for goods and services	(42,087)	(84,548)	(126,635)
Cash payments to employees for services	(418)	(579)	(997)
Net cash provided (used) by operating activities	(3,831)	9,942	6,111
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers-out to other funds	(5)		(5)
Net cash used in noncapital financing activities	(5)		(5)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	546	1,289	1,835
Net cash provided by investing activities	546	1,289	1,835
Net increase (decrease) in cash and cash equivalents	(3,290)	11,231	7,941
Cash and cash equivalents, July 1, 1996	13,419	22,286	35,705
Cash and cash equivalents, June 30, 1997	$ 10,129	$ 33,517	$ 43,646
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (3,491)	$ 13,542	$ 10,051
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(917)	1,928	1,011
Increase (decrease) in accounts payable and accrued liabilities	576	(5,484)	(4,908)
Increase (decrease) in intergovernmental payables	(1)	(1)	(2)
Increase (decrease) in due to other funds	(16)	(37)	(53)
Increase (decrease) in other liabilities	18	(6)	12
Total adjustments	(340)	(3,600)	(3,940)
Net cash provided (used) by operating activities	$ (3,831)	$ 9,942	$ 6,111

Combining Balance Sheet - Enterprise Funds
Student Assistance Commission

June 30, 1997 (Expressed in Thousands)

	Designated Account Purchase Program	Opportunity Loan Program	Total
ASSETS			
Cash and cash equivalents	$ 31,211	$ 1,835	$ 33,046
Investments, short-term	26,016	12,993	39,009
Receivables, net:			
Intergovernmental	10,893		10,893
Other	9,506	638	10,144
Prepaid expenses	807	222	1,029
Restricted assets ($136,880 cash equivalents)	139,044		139,044
Total current assets	217,477	15,688	233,165
Loans and notes receivable	722,083	24,313	746,396
Restricted assets	160,687		160,687
Property, plant and equipment, net	232		232
Total assets	$ 1,100,479	$ 40,001	$ 1,140,480
LIABILITIES			
Accounts payable and accrued liabilities	$ 13,420		$ 13,420
Notes payable, current	95,954		95,954
Revenue bonds payable, current	308,200	$ 3,365	311,565
Other liabilities		717	717
Total current liabilities	417,574	4,082	421,656
Revenue bonds payable	609,111	30,317	639,428
Total liabilities	1,026,685	34,399	1,061,084
FUND EQUITY			
Retained earnings :			
Reserved for:			
Revenue bond and note retirement	73,794	5,602	79,396
Other			
Total fund equity	73,794	5,602	79,396
Total liabilities and fund equity	$ 1,100,479	$ 40,001	$ 1,140,480

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds
Student Assistance Commission

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Designated Account Purchase Program	Opportunity Loan Program	Total
OPERATING REVENUES			
Interest and other investment income	$ 74,794	$ 2,076	$ 76,870
Other		60	60
Total operating revenues	74,794	2,136	76,930
OPERATING EXPENSES			
Costs of sales and services		675	675
Interest	51,995		51,995
General and administrative	16,757		16,757
Depreciation	180		180
Other	2,646		2,646
Total operating expenses	71,578	675	72,253
Operating income	3,216	1,461	4,677
NONOPERATING REVENUES (EXPENSES)			
Investment income		768	768
Interest expense		(2,406)	(2,406)
Income (loss) before operating transfers	3,216	(177)	3,039
Operating transfers-out	(556)		(556)
Net income (loss)	2,660	(177)	2,483
Retained earnings, July 1, 1996	71,134	5,779	76,913
RETAINED EARNINGS, JUNE 30, 1997	$ 73,794	$ 5,602	$ 79,396

Combining Statement of Cash Flows - Enterprise Funds
Student Assistance Commission

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Designated Account Purchase Program	Opportunity Loan Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers for goods and services	$ (13,804)	$ (676)	$ (14,480)
Cash payments to employees for services	(5,729)		(5,729)
Cash receipts from other operating activities	149,119	8,061	157,180
Cash payments for other operating activities	(176,060)		(176,060)
Net cash provided (used) by operating activities	(46,474)	7,385	(39,089)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from borrowing	167,211		167,211
Principal paid on borrowing	(68,600)		(68,600)
Interest paid on borrowing		(1,985)	(1,985)
Operating transfers-out to other funds	(556)		(556)
Net cash provided (used) by noncapital financing activities	98,055	(1,985)	96,070
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(43)		(43)
Principal paid on revenue bond maturities and equipment contracts		(7,565)	(7,565)
Net cash used in capital and related financing activities	(43)	(7,565)	(7,608)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(309,730)	(2,321)	(312,051)
Proceeds from sale and maturities of investment securities	303,675		303,675
Interest and dividends on investments		723	723
Net cash used in investing activities	(6,055)	(1,598)	(7,653)
Net increase (decrease) in cash and cash equivalents	45,483	(3,763)	41,720
Cash and cash equivalents, July 1, 1996	122,608	5,598	128,206
Cash and cash equivalents, June 30, 1997	$ 168,091	$ 1,835	$ 169,926
Reconciliation of cash and cash equivalents to the balance sheet:			
Total cash and cash equivalents per the balance sheet	$ 31,211	$ 1,835	$ 33,046
Add: restricted cash equivalents	136,880		136,880
Cash and cash equivalents, June 30, 1997	$ 168,091	$ 1,835	$ 169,926
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	$ 3,216	$ 1,461	$ 4,677
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	180		180
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(48,919)	5,821	(43,098)
(Increase) decrease in prepaid expenses	(769)	103	(666)
Increase (decrease) in accounts payable and accrued liabilities	(175)		(175)
Increase (decrease) in due to other funds	(7)		(7)
Total adjustments	(49,690)	5,924	(43,766)
Net cash provided (used) by operating activities	$ (46,474)	$ 7,385	$ (39,089)

INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the operations of state agencies which render services to other state agencies or governmental units on a cost-reimbursement basis.

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SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

Central Management Services

State Garage Revolving Fund--to account for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.

Statistical Services Revolving Fund--to account for the purchase, maintenance and operation of electronic data processing and information devices used by State agencies. Revenues consist of charges from the user agencies.

Communications Revolving Fund--to account for the expenses related to telecommunications services for State agencies. Revenues consist of reimbursements from user agencies.

Health Insurance Reserve Fund--to account for the self-insurance medical and dental plan for State employees and qualified dependents. This fund records all contributions, appropriations, interest, dividends and expenses related to the plan.

Department of Corrections

Working Capital Revolving Fund--to account for the income and expenses associated with the industrial operations at the several State institutions.

Combining Balance Sheet
Internal Service Funds

June 30, 1997 (Expressed in Thousands)

	Departments			
	Central Management Services	Corrections Working Capital Revolving	Other	Total
ASSETS				
Cash and cash equivalents	$ 81,510	$ 7,421	$ 2,213	$ 91,144
Receivables, net:				
Intergovernmental	112	205	68	385
Other	985	287	2	1,274
Due from other funds	90,278	4,370	349	94,997
Due from component units	4,127	11	3	4,141
Inventories	1,327	10,065	144	11,536
Prepaid expenses	493	11		504
Total current assets	178,832	22,370	2,779	203,981
Restricted assets	108			108
Property, plant and equipment, net	41,045	8,439	226	49,710
Total assets	$ 219,985	$ 30,809	$ 3,005	$ 253,799
LIABILITIES				
Accounts payable and accrued liabilities	$ 92,823	$ 3,963	$ 233	$ 97,019
Intergovernmental payables	41			41
Due to other funds	1,959		272	2,231
Due to component units	3	2	8	13
Other liabilities	22,333	1,667	270	24,270
Total current liabilities	117,159	5,632	783	123,574
Other obligations	8,913	13		8,926
Total liabilities	126,072	5,645	783	132,500
FUND EQUITY				
Contributed capital	9,292	9,129	702	19,123
Retained earnings, unreserved	84,621	16,035	1,520	102,176
Total fund equity	93,913	25,164	2,222	121,299
Total liabilities and fund equity	$ 219,985	$ 30,809	$ 3,005	$ 253,799

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Internal Services Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Departments			
		Corrections		
	Central Management Services	Working Capital Revolving	Other	Total
OPERATING REVENUES				
Charges for sales and services	$ 823,180	$ 42,244	$ 4,832	$ 870,256
Interest and other investment income	49		23	72
Other	1	397	56	454
Total operating revenues	823,230	42,641	4,911	870,782
OPERATING EXPENSES				
Costs of sales and services	128,860	34,549	2,142	165,551
Benefit payments and refunds	436,224			436,224
Interest	825			825
General and administrative	21,176	4,655	2,554	28,385
Depreciation	15,550	1,508	72	17,130
Other	14,537			14,537
Total operating expenses	617,172	40,712	4,768	662,652
Operating income	206,058	1,929	143	208,130
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,773	5		2,778
Interest expense	(435)	(8)		(443)
Other revenues	4,499	104	14	4,617
Other expenses	(1,789)	(71)		(1,860)
Income before operating transfers	211,106	1,959	157	213,222
Operating transfers-in	500	8	50	558
Operating transfers-out	(25)	(58)	(144)	(227)
Operating transfers to component units	(178,534)			(178,534)
Net income	33,047	1,909	63	35,019
Retained earnings, July 1, 1996	51,574	14,126	1,457	67,157
RETAINED EARNINGS, JUNE 30, 1997	$ 84,621	$ 16,035	$ 1,520	$ 102,176

Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Departments			
	Central Management Services	Corrections Working Capital Revolving	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services	$ 872,134	$ 43,425	$ 5,040	$ 920,599
Cash payments to suppliers for goods and services	(610,852)	(26,917)	(2,022)	(639,791)
Cash payments to employees for services	(38,443)	(12,870)	(2,666)	(53,979)
Cash receipts from other operating activities	56		66	122
Cash payments for other operating activities		(506)	(385)	(891)
Net cash provided by operating activities	222,895	3,132	33	226,060
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers-in from other funds	500	8	50	558
Operating transfers-out to other funds	(25)	(58)	(68)	(151)
Operating transfers to component units	(178,534)			(178,534)
Other noncapital financing activities		53		53
Net cash provided (used) by noncapital financing activities	(178,059)	3	(18)	(178,074)
CASH FLOWS FROM CAPITAL AND RELATED FINANCE ACTIVITIES				
Acquisition and construction of capital assets	(11,696)	(946)	(92)	(12,734)
Principal paid on bond maturities and equipment contracts	(16,904)	(24)		(16,928)
Interest paid on bond maturities and equipment contracts	(435)	(8)		(443)
Net cash used in capital and related financing activities	(29,035)	(978)	(92)	(30,105)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	2,773			2,773
Net cash provided by investing activities	2,773			2,773
Net increase (decrease) in cash and cash equivalents	18,574	2,157	(77)	20,654
Cash and cash equivalents, July 1, 1996	62,936	5,264	2,290	70,490
CASH AND CASH EQUIVALENTS, JUNE 30, 1997	$ 81,510	$ 7,421	$ 2,213	$ 91,144
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 206,058	$ 1,929	$ 143	$ 208,130
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	15,550	1,508	72	17,130
Provision for uncollectible accounts	1,188		(1)	1,187
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	496	383	15	894
(Increase) decrease in due from other funds	49,032	(682)	140	48,490
(Increase) decrease in due from component units	1,142	(4)	4	1,142
(Increase) decrease in inventories	7	905	89	1,001
(Increase) decrease in prepaid expenses	(66)	(7)		(73)
Increase (decrease) in accounts payable and accrued liabilities	(55,652)	(869)	(174)	(56,695)
Increase (decrease) in intergovernmental payables	(32)	(29)	(2)	(63)
Increase (decrease) in due to other funds	(529)	9	(198)	(718)
Increase (decrease) in due to component units	(4)	2		(2)
Increase (decrease) in other liabilities	5,702	(13)	(55)	5,634
Other	3			3
Total adjustments	16,837	1,203	(110)	17,930
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 222,895	$ 3,132	$ 33	$ 226,060
Noncash investing, capital, and financing activities:				
Capital leases (initial year):				
Fair market value	$ 933	$ 23	$ -- --	$ 956
Transfers from General Fixed Assets:				
Fair market value	$ -- --	$ 219	$ -- --	$ 219

Combining Balance Sheet - Internal Service Funds
Department of Central Management Services
June 30, 1997 (Expressed in Thousands)

	State Garage Revolving	Statistical Services Revolving	Commun-ications Revolving	Health Insurance Reserve	Total
ASSETS					
Cash and cash equivalents	$ 679	$ 26,600	$ 27,485	$ 26,746	$ 81,510
Receivables, net:					
Intergovernmental	72	6	34		112
Other			855	130	985
Due from other funds	5,820	23,270	19,379	41,809	90,278
Due from component units	6	11	1,202	2,908	4,127
Inventories	1,223	104			1,327
Prepaid expenses		493			493
Total current assets	7,800	50,484	48,955	71,593	178,832
Restricted assets	108				108
Property, plant and equipment, net	3,510	18,031	19,504		41,045
Total assets	$ 11,418	$ 68,515	$ 68,459	$ 71,593	$ 219,985
LIABILITIES					
Accounts payable and accrued liabilities	$ 4,614	$ 5,316	$ 12,042	$ 70,851	$ 92,823
Intergovernmental payables	1	40			41
Due to other funds	242	87	1,216	414	1,959
Due to component units	2		1		3
Other liabilities	2,753	14,587	4,665	328	22,333
Total current liabilities	7,612	20,030	17,924	71,593	117,159
Other obligations	2,057	4,976	1,880		8,913
Total liabilities	9,669	25,006	19,804	71,593	126,072
FUND EQUITY					
Contributed capital	1,078	8,157	57		9,292
Retained earnings, unreserved	671	35,352	48,598		84,621
Total fund equity	1,749	43,509	48,655	-- --	93,913
Total liabilities and fund equity	$ 11,418	$ 68,515	$ 68,459	$ 71,593	$ 219,985

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Internal Service Funds
Department of Central Management Services
For the Year Ended June 30, 1997 (Expressed In Thousands)

	State Garage Revolving	Statistical Services Revolving	Commun-ications Revolving	Health Insurance Reserve	Total
OPERATING REVENUES					
Charges for sales and services	$ 29,658	$ 73,506	$ 101,877	$ 618,139	$ 823,180
Interest and other investment income	49				49
Other		1			1
Total operating revenues	29,707	73,507	101,877	618,139	823,230
OPERATING EXPENSES					
Costs of sales and services	20,909	40,595	67,356		128,860
Benefit payments and refunds				436,224	436,224
Interest	152	673			825
General and administrative	7,066	1,506	6,450	6,154	21,176
Depreciation	919	9,479	5,152		15,550
Other	1,073	6,713	6,751		14,537
Total operating expenses	30,119	58,966	85,709	442,378	617,172
Operating income (loss)	(412)	14,541	16,168	175,761	206,058
NONOPERATING REVENUES (EXPENSES)					
Investment income				2,773	2,773
Interest expense			(435)		(435)
Other revenues			4,499		4,499
Other expenses	(116)	(1,312)	(361)		(1,789)
Income (loss) before operating transfers	(528)	13,229	19,871	178,534	211,106
Operating transfers-in		500			500
Operating transfers-out	(4)	(7)	(14)		(25)
Operating transfers to component units				(178,534)	(178,534)
Net income (loss)	(532)	13,722	19,857	-- --	33,047
Retained earnings, July 1, 1996	1,203	21,630	28,741	-- --	51,574
RETAINED EARNINGS, JUNE 30, 1997	$ 671	$ 35,352	$ 48,598	$ -- --	$ 84,621

Combining Statement of Cash Flows - Internal Service Funds
Department of Central Management Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	State Garage Revolving	Statistical Services Revolving	Communications Revolving	Health Insurance Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	$ 29,997	$ 66,597	$ 101,416	$ 674,124	$ 872,134
Cash payments to suppliers for goods and services	(20,035)	(27,269)	(76,625)	(486,923)	(610,852)
Cash payments to employees for services	(11,161)	(17,340)	(7,378)	(2,564)	(38,443)
Cash receipts from other operating activities	56				56
Net cash provided (used) by operating activities	(1,143)	21,988	17,413	184,637	222,895
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers-in from other funds		500			500
Operating transfers-out from other funds	(4)	(7)	(14)		(25)
Operating transfers-out to component units				(178,534)	(178,534)
Net cash provided (used) by noncapital financing activities	(4)	493	(14)	(178,534)	(178,059)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(135)	(3,079)	(8,482)		(11,696)
Principal paid on bond maturities and equipment contracts	(755)	(10,283)	(5,866)		(16,904)
Interest paid on bond maturities and equipment contracts			(435)		(435)
Net cash used in capital and related financing activities	(890)	(13,362)	(14,783)		(29,035)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments				2,773	2,773
Net cash provided by investing activities				2,773	2,773
Net increase (decrease) in cash and cash equivalents	(2,037)	9,119	2,616	8,876	18,574
Cash and cash equivalents, July 1, 1996	2,716	17,481	24,869	17,870	62,936
CASH AND CASH EQUIVALENTS, JUNE 30, 1997	$ 679	$ 26,600	$ 27,485	$ 26,746	$ 81,510
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (412)	$ 14,541	$ 16,168	$ 175,761	$ 206,058
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	919	9,479	5,152		15,550
Provision for uncollectible accounts	44	812	332		1,188
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	86	542	(302)	170	496
(Increase) decrease in due from other funds	298	(7,958)	(1,925)	58,617	49,032
(Increase) decrease in due from component units	10	7	1,766	(641)	1,142
(Increase) decrease in inventories	7				7
(Increase) decrease in prepaid expenses		(66)			(66)
Increase (decrease) in accounts payable and accrued liabilities	(1,945)	(759)	(4,120)	(48,828)	(55,652)
Increase (decrease) in intergovernmental payables	(25)			(7)	(32)
Increase (decrease) in due to other funds	(198)	(142)	281	(470)	(529)
Increase (decrease) in due to component units	1		(5)		(4)
Increase (decrease) in other liabilities	69	5,532	66	35	5,702
Other	3				3
Total adjustments	(731)	7,447	1,245	8,876	16,837
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,143)	$ 21,988	$ 17,413	$ 184,637	$ 222,895
Noncash investing, capital, and financing activities:					
Capital leases (initial year):					
Fair market value	$ 933	$ --	$ --	$ --	$ 933

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TRUST AND AGENCY FUNDS

Trust and Agency Funds are maintained to account for assets held by the State acting in the capacity of trustee or agent.

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SIGNIFICANT TRUST AND AGENCY FUNDS DESCRIPTIONS

EXPENDABLE TRUST FUNDS:

Office of the Attorney General

Consumer Trust Fund--to account for court ordered restitution and penalties received by the Office of the Attorney General as receiver under the Consumer Fraud and Deceptive Business Practices Act.

Department of Employment Security

Unemployment Compensation Trust Fund--to provide for unemployment insurance benefit claims. Funding is through employer contributions and Federal Unemployment Trust advances.

Industrial Commission

Self-Insurers Security Fund--to cover claims for compensation made on self-insured employers with respect to employment related injuries and diseases.

STATE PENSION FUNDS

See Note 10 on page 45 for description of pension funds.

AGENCY FUNDS:

Treasurer

Public Treasurers' Investment Pool Fund--to hold and invest public funds deposited by local Treasurers to enhance investment opportunities - in effect a mutual fund.

Department of Central Management Services

Deferred Compensation Plan Fund--to defer gross compensation of any State employee and invest the funds until retirement, death or extreme hardship.

Department of Insurance

Security Deposit Fund--to hold securities on deposit by domestic and certain foreign domiciled insurance companies in the State for protection of all policyholders, policy obligations and creditors of the companies.

Department of Lottery

Deferred Lottery Prize Winners Trust Fund--to hold the proceeds of investments that will be paid to Illinois State Lottery prize winners. Investment contracts are executed by the State Treasurer with the State Lottery Director's approval in a manner which ensures the timely payment to prize winners.

Department of Public Aid

Child Support Enforcement Agency Fund--to account for that portion of the Child Support Enforcement Trust Fund that hold monies recovered under the Child Support Enforcement Program until they can be paid over to the appropriate third parties.

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Combining Balance Sheet
Trust and Agency Funds

June 30, 1997 (Expressed in Thousands)

	Trust			Agency	
	Expendable	Non-Expendable Other	Pension		Total
ASSETS					
Cash and cash equivalents	$ 1,765,503	$ 2,256	$ 524,042	$ 2,519,147	$ 4,810,948
Investments	1,643	1,047	33,755,470	2,513,358	36,271,518
Receivables, net:					
Taxes	258,424			65,695	324,119
Intergovernmental	12,546			1,722	14,268
Other	29,868	17	520,146	705,631	1,255,662
Due from other funds	2,987		7,700	20,656	31,343
Due from component units	78		1,152	133	1,363
Property, plant and equipment, net		104	20,634		20,738
Other assets				963,254	963,254
Total assets	$ 2,071,049	$ 3,424	$ 34,829,144	$ 6,789,596	$ 43,693,213
LIABILITIES					
Accounts payable and accrued liabilities	$ 36,690		$ 956,121	$ 13,750	$ 1,006,561
Intergovernmental payables	3,957	$ 5		2,398,537	2,402,499
Due to other funds	3,302		287	79,759	83,348
Due to component units	53				53
Deferred revenues	2,232	9			2,241
Depository and other liabilities	7,050		1,667,796	4,297,550	5,972,396
Revenue bonds payable			16,144		16,144
Total liabilities	53,284	14	2,640,348	6,789,596	9,483,242
FUND BALANCES					
Reserved for:					
Encumbrances	4,637				4,637
Unemployment compensation benefits	2,000,531				2,000,531
Employees' pension benefits			32,188,796		32,188,796
Other	1,390				1,390
Unreserved, undesignated	11,207	3,410			14,617
Total fund balances	2,017,765	3,410	32,188,796	--	34,209,971
Total liabilities and fund balances	$ 2,071,049	$ 3,424	$ 34,829,144	$ 6,789,596	$ 43,693,213

Combining Balance Sheet
Expendable Trust Funds

June 30, 1997 (Expressed in Thousands)

	Elected Officials		Departments	Agencies, Boards and Authorities		
	Attorney General		Employment Security	Industrial Commission		
	Consumer Trust Fund		Unemployment Compensation Trust	Self-Insured Employers' Liability	Other	Total
ASSETS						
Cash and cash equivalents	$ 102		$ 1,746,095	$ 3,980	$ 15,326	$ 1,765,503
Investments					1,643	1,643
Receivables, net:						
Taxes			258,424			258,424
Intergovernmental			12,546			12,546
Other	1,663		27,599	18	588	29,868
Due from other funds			2,356		631	2,987
Due from component units			78			78
Total assets	$ 1,765		$ 2,047,098	$ 3,998	$ 18,188	$ 2,071,049
LIABILITIES						
Accounts payable and accrued liabilities			$ 35,509	$ 137	$ 1,044	$ 36,690
Intergovernmental payables			3,957			3,957
Due to other funds			3,282		20	3,302
Due to component units					53	53
Deferred revenues			2,169		63	2,232
Depository and other liabilities	$ 1,765		1,650	3,635		7,050
Total liabilities	1,765		46,567	3,772	1,180	53,284
FUND BALANCES						
Reserved for:						
Encumbrances				3,585	1,052	4,637
Unemployment compensation benefits			2,000,531			2,000,531
Other					1,390	1,390
Unreserved, undesignated				(3,359)	14,566	11,207
Total fund balances			2,000,531	226	17,008	2,017,765
Total liabilities and fund balances	$ 1,765		$ 2,047,098	$ 3,998	$ 18,188	$ 2,071,049

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances Expendable Trust Funds

For the Year Ended June 30, 1997 (Expressed In Thousands)

	Elected Officials	Departments	Agencies, Boards and Authorities		
	Attorney General	Employment Security	Industrial Commission		
	Consumer Trust	Unemployment Compensation Trust	Self-Insured Employers' Liability	Other	Total
REVENUES					
Other taxes		$ 1,189,895	$ 178		$ 1,190,073
Federal government		23,072			23,072
Interest and other investment income		109,907	363	$ 756	111,026
Other	$ 85	174		23,658	23,917
Total revenues	85	1,323,048	541	24,414	1,348,088
EXPENDITURES					
Current:					
Health and social services				438	438
General government	85			22,396	22,481
Social assistance		1,237,372	4,779	62	1,242,213
Public protection and justice			430		430
Natural resources and recreation				177	177
Capital outlays			2	244	246
Total expenditures	85	1,237,372	5,211	23,317	1,265,985
Excess (deficiency) of revenues over (under) expenditures		85,676	(4,670)	1,097	82,103
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers-in				1,670	1,670
Operating transfers-out		(13,090)		(821)	(13,911)
Net other sources (uses) of financial resources		(13,090)		849	(12,241)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources		72,586	(4,670)	1,946	69,862
Fund balances, July 1, 1996		1,927,945	4,896	15,062	1,947,903
FUND BALANCES, JUNE 30, 1997	$ --	$ 2,000,531	$ 226	$ 17,008	$ 2,017,765

Combining Balance Sheet
Pension Trust Funds

June 30, 1997 (Expressed in Thousands)

	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	State Universities Retirement System
ASSETS					
Cash and cash equivalents	$ 2,114	$ 6,617	$ 69,478	$ 6,706	$ 439,127
Investments	54,674	307,923	5,965,539	19,212,324	8,237,002
Other receivables, net	10	112	6,776	460,363	30,893
Due from other funds		52	7,648		
Due from component units					1,152
Property, plant and equipment, net	9	14	3,771	3,427	13,370
Total assets	$ 56,807	$ 314,718	$ 6,053,212	$ 19,682,820	$ 8,721,544
LIABILITIES					
Accounts payable and accrued liabilities	$ 33	$ 140	$ 5,001	$ 940,004	$ 10,943
Due to other funds	64	17	184	22	
Depository and other liabilities				1,349,686	318,110
Revenue bonds payable					16,144
Total liabilities	97	157	5,185	2,289,712	345,197
FUND BALANCES					
Reserved for net assets available for plan benefits	56,710	314,561	6,048,027	17,393,108	8,376,347
Total fund balances	56,710	314,561	6,048,027	17,393,108	8,376,347
Total liabilities and fund balances	$ 56,807	$ 314,718	$ 6,053,212	$ 19,682,820	$ 8,721,544

State Board of Investment	Eliminations	Total
$ 3	$ (3)	$ 524,042
6,306,144	(6,328,136)	33,755,470
38,759	(16,767)	520,146
		7,700
		1,152
43		20,634
$ 6,344,949	$ (6,344,906)	$ 34,829,144
		$ 956,121
$ 78	$ (78)	287
16,720	(16,720)	1,667,796
		16,144
16,798	(16,798)	2,640,348
6,328,151	(6,328,108)	32,188,796
6,328,151	(6,328,108)	32,188,796
$ 6,344,949	$ (6,344,906)	$ 34,829,144

Combining Balance Sheet
Agency Funds

June 30, 1997 (Expressed in Thousands)

	Elected Officials	Departments					
	Treasurer Public Treasurers' Investment Pool	Central Management Services Employee's Deferred Compensation	Insurance Security Deposit Fund	Lottery Deferred Lottery Prize Winner's Trust Fund	Public Aid Child Support Enforcement Trust Fund	Other	Total
ASSETS							
Cash and cash equivalents	$ 2,121,277	$ 507		$ 488		$ 396,875	$ 2,519,147
Investments		967,545		1,545,813			2,513,358
Receivables, net:							
Taxes						65,695	65,695
Intergovernmental						1,722	1,722
Other	4,792	165			$ 648,132	52,542	705,631
Due from other funds						20,656	20,656
Due from component units						133	133
Other assets			$ 942,895			20,359	963,254
Total assets	$ 2,126,069	$ 968,217	$ 942,895	$ 1,546,301	$ 648,132	$ 557,982	$ 6,789,596
LIABILITIES							
Accounts payable and accrued liabilities	$ 152	$ 86				$ 13,512	$ 13,750
Intergovernmental payables	2,125,810					272,727	2,398,537
Due to other funds	107			$ 488		79,164	79,759
Depository and other liabilities		968,131	$ 942,895	1,545,813	$ 648,132	192,579	4,297,550
Total liabilities	$ 2,126,069	$ 968,217	$ 942,895	$ 1,546,301	$ 648,132	$ 557,982	$ 6,789,596

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Combining Statement of Changes in Assets and Liabilities
All Agency Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	ASSETS					
	Cash and Cash Equivalents	Investments	Receivables: Taxes	Receivables: Intergovernmental	Receivables: Other	Due From Other Funds
ORGANIZATION/FUND						
Treasurer:						
Public Treasurers' Investment Pool						
Balance July 1, 1996	$ 2,229,254				$ 5,358	
Additions	2,121,277				4,792	
Deductions	2,229,254				5,358	
Balance June 30, 1997	2,121,277				4,792	
Central Management Services:						
State Employees' Deferred Compensation Plan						
Balance July 1, 1996	488	$ 768,150				
Additions	99,267	401,138			165	
Deductions	99,248	201,743				
Balance June 30, 1997	507	967,545			165	
Insurance:						
Security Deposit						
Balance July 1, 1996						
Additions						
Deductions						
Balance June 30, 1997						
Lottery:						
Deferred Lottery Prize Winners Trust						
Balance July 1, 1996	133	1,511,253				
Additions	180,939	272,133				
Deductions	180,584	237,573				
Balance June 30, 1997	488	1,545,813				
Department of Public Aid:						
Child Support Enforcement Trust						
Balance July 1, 1996					577,593	
Additions					177,221	
Deductions					106,682	
Balance June 30, 1997					648,132	
Other:						
Balance July 1, 1996	322,414		$ 66,904	$ 1,905	50,244	$ 20,336
Additions	2,479,595		65,677	1,722	166,471	20,661
Deductions	2,405,134		66,886	1,905	164,173	20,341
Balance June 30, 1997	396,875		65,695	1,722	52,542	20,656
Total--All Agency Funds:						
Balance July 1, 1996	2,552,289	2,279,403	66,904	1,905	633,195	20,336
Additions	4,881,078	673,271	65,677	1,722	348,649	20,661
Deductions	4,914,220	439,316	66,886	1,905	276,213	20,341
Balance June 30, 1997	$ 2,519,147	$ 2,513,358	$ 65,695	$ 1,722	$ 705,631	$ 20,656

ASSETS (CONT.)			LIABILITIES				
Due From Component Units	Other Assets	Total Assets	Accounts Payable and Accrued Liabilities	Intergovern-mental Payables	Due To Other Funds	Depository and Other Liabilities	Total Liabilities
		$ 2,234,612	$ 153	$ 2,234,351	$ 108		$ 2,234,612
		2,126,069	152	2,125,810	107		2,126,069
		2,234,612	153	2,234,351	108		2,234,612
		2,126,069	152	2,125,810	107		2,126,069
		768,638	75		2	$ 768,561	768,638
		500,570	86			401,398	401,484
		300,991	75		2	201,828	201,905
		968,217	86		-- --	968,131	968,217
	$ 906,335	906,335				906,335	906,335
	294,486	294,486				294,486	294,486
	257,926	257,926				257,926	257,926
	942,895	942,895				942,895	942,895
		1,511,386			147	1,511,239	1,511,386
		453,072			341	272,133	272,474
		418,157				237,559	237,559
		1,546,301			488	1,545,813	1,546,301
		577,593				577,593	577,593
		177,221				177,221	177,221
		106,682				106,682	106,682
		648,132				648,132	648,132
$ 108	27,102	489,013	14,287	246,246	82,973	145,507	489,013
133	3,149	2,737,408	31,635	965,241	179,521	364,991	1,541,388
108	9,892	2,668,439	32,410	938,760	183,330	317,919	1,472,419
133	20,359	557,982	13,512	272,727	79,164	192,579	557,982
108	933,437	6,487,577	14,515	2,480,597	83,230	3,909,235	6,487,577
133	297,635	6,288,826	31,873	3,091,051	179,969	1,510,229	4,813,122
108	267,818	5,986,807	32,638	3,173,111	183,440	1,121,914	4,511,103
$ 133	$ 963,254	$ 6,789,596	$ 13,750	$ 2,398,537	$ 79,759	$ 4,297,550	$ 6,789,596

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GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed assets of the primary government except those accounted for in the proprietary and fiduciary fund types.

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State of Illinois

Schedule of Changes in General Fixed Assets

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Balance July 1, 1996	Additions	Deletions/ Net Transfers	Balance June 30, 1997
Land and land improvements	$ 566,307	$ 12,905	$ (7,157)	$ 586,369
Buildings and building improvements	2,671,526	82,662	(97,598)	2,851,786
Equipment	1,270,154	131,575	99,923	1,301,806
Construction in progress	80,227	201,320	187,637	93,910
Total	$ 4,588,214	$ 428,462	$ 182,805	$ 4,833,871

State of Illinois

Schedule of Changes in General Fixed Assets By Function

For the Year Ended June 30, 1997 (Expressed in Thousands)

Function	Balance July 1, 1996	Additions	Deletions/ Net Transfers	Balance June 30, 1997
General government:				
Legislative	$ 21,945	$ 2,570	$ 1,518	$ 22,997
Elected officials	358,424	8,849	(4,645)	371,918
Departments and agencies	496,710	7,784	3,643	500,851
Total general government	877,079	19,203	516	895,766
Health and social services	810,623	54,649	(230)	865,502
Public protection and justice	1,399,422	77,555	(24,351)	1,501,328
Natural resources and recreation	770,062	23,558	(8,353)	801,973
Transportation	432,631	31,387	17,762	446,256
Social assistance	127,814	12,248	9,663	130,399
Education	90,356	8,542	161	98,737
Construction in progress	80,227	201,320	187,637	93,910
Total general fixed assets	$ 4,588,214	$ 428,462	$ 182,805	$ 4,833,871

Schedule of General Fixed Assets By Function

June 30, 1997 (Expressed in Thousands)

Function	Total	Land and Land Improvements	Buildings and Building Improvements	Equipment
General government:				
Legislative	$ 22,997		$ 2	$ 22,995
Elected officials	371,918	$ 6,527	285,174	80,217
Departments and agencies	500,851	14,154	405,754	80,943
Total general government	895,766	20,681	690,930	184,155
Health and social services	865,502	75,532	632,853	157,117
Public protection and justice	1,501,328	103,651	1,082,580	315,097
Natural resources and recreation	801,973	372,147	284,685	145,141
Transportation	446,256	10,488	102,318	333,450
Social assistance	130,399			130,399
Education	98,737	3,870	58,420	36,447
Total general fixed assets allocated to functions	4,739,961	$ 586,369	$ 2,851,786	$ 1,301,806
Construction in progress	93,910			
Total general fixed assets	$ 4,833,871			

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

General Long-Term Obligations Account Group is maintained to account for the State's unmatured general obligation bonds, unfunded retirement costs, and other long-term obligations.

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Schedule of Changes in General Long-Term Obligations

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Accrued Retirement Costs	General Obligation Bonds	Special Obligation Bonds	Other Long-Term Obligations	Total
BALANCES JULY 1, 1996, AS PREVIOUSLY REPORTED	$ 11,026,202	$ 5,656,529	$ 1,880,992	$ 1,640,042	$ 20,203,765
Adjustment to record the State's net pension obligation (NPO) at transition at July 1, 1996, in accordance with Government Accounting Standards Board Statement 27	(1,851,861)				(1,851,861)
BALANCES AT JULY 1, 1996, AS RESTATED	$ 9,174,341	$ 5,656,529	$ 1,880,992	$ 1,640,042	$ 18,351,904
Compensated absences earned				314,303	314,303
Decrease in workers' compensation liability				(38,883)	(38,883)
Debt issues		435,000	60,000		495,000
Increase in lease and installment purchase obligations				18,989	18,989
Compensated absences taken				(280,631)	(280,631)
Increase in accreted value of capital appreciation bonds		107,298	12,179		119,477
Principal retirements and terminations		(544,430)	(68,004)	(37,606)	(650,040)
Excess of annual pension cost ("APC") over employer contributions from governmental fund types	1,382,203				1,382,203
Other				5,572	5,572
BALANCES JUNE 30, 1997	$ 10,556,544	$ 5,654,397	$ 1,885,167	$ 1,621,786	$ 19,717,894

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COMPONENT UNITS

The Component Units Section includes legally separate organizations for which the elected officials of the primary government are financially accountable. It also includes certain other organizations because of the nature and significance of their relationship with the primary government.

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SIGNIFICANT COMPONENT UNITS DESCRIPTIONS

GOVERNMENTAL:

Illinois Grain Insurance Corporation--to promote the State's welfare by improving the economic stability of agriculture.

East St. Louis Finance Advisory Authority--to provide a secure financial basis for and to furnish assistance to the city of East St. Louis.

Illinois Development Finance Authority--to provide funding for industrial, commercial and manufacturing development in areas of Illinois with critical unemployment.

Medical Center Commission--to combine the resources of diverse medical institutions to promote low cost medical care in the City of Chicago, accelerate scientific research, improve diagnostic methods, and train health care professionals.

PROPRIETARY:

The Comprehensive Health Insurance Board--to provide an alternate market for health insurance for eligible Illinois residents having a preexisting health condition.

Illinois Housing Development Authority--to make loans and issue notes and bonds for the acquisition, construction and rehabilitation of housing and to make loans to encourage home ownership.

Illinois State Toll Highway Authority--to operate a toll highway system to promote the public welfare, and to facilitate vehicular traffic by providing convenient, safe, modern and limited access highways within Illinois.

UNIVERSITY AND COLLEGE:

Board of Trustees of Chicago State University--to operate, manage, control and maintain Chicago State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Eastern Illinois University--to operate, manage, control and maintain Eastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Western Illinois University--to operate, manage, control and maintain Western Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Illinois State University--to operate, manage, control and maintain Illinois State University. The Board was created on January 1, 1996 with the dissolution of the Board of Regents.

Board of Trustees of Northern Illinois University--to operate, manage, control and maintain Northern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Regents.

Board of Trustees of Southern Illinois University--to operate, manage, control and maintain Southern Illinois University. The Board was created on July 1, 1949. Southern Illinois University consists of campuses at Carbondale and Edwardsville. In addition, the University operates a medical school.

Board of Trustees of University of Illinois--to manage the University of Illinois. The Board is a separately elected body created by law on July 1, 1876. The University of Illinois consists of campuses at Champaign-Urbana and Chicago. In addition, the university operates a medical school.

Combining Balance Sheet - Component Units
All Fund Types and Account Groups
June 30, 1997 (Expressed in Thousands)

	Governmental Fund Types	Proprietary Fund Types	University and College Funds		
			Chicago State University	Eastern Illinois University	Western Illinois University
ASSETS					
Assets:					
Cash and cash equivalents	$ 32,179	$ 394,336	$ 4,296	$ 30,068	$ 24,997
Investments	20,892	662,583	513	23,692	12,905
Receivables, net:					
Intergovernmental	8,026	58,830	1,042		
Other	417	44,230	2,885	9,218	4,177
Due from other funds	147	20,119	1,071	31	
Due from primary government	55	326	1,209	1,495	1,527
Inventories	12	5,501	74	2,543	2,752
Prepaid expenses		6,061		413	
Loans and notes receivable	82,865	1,555,387	884	3,995	1,913
Restricted assets ($39,054 cash equivalents)	546	384,104			
Property, plant and equipment, net	7,872	1,792,696	103,885	171,720	236,567
Other assets	58	72,646	351	823	
Total assets	$ 153,069	$ 4,996,819	$ 116,210	$ 243,998	$ 284,838
LIABILITIES, EQUITY AND OTHER CREDITS					
Liabilities:					
Accounts payable and accrued liabilities	$ 64	$ 137,023	$ 12,192	$ 20,148	$ 32,591
Intergovernmental payables		2,204			
Due to other funds	1,127	19,139	1,086		1
Due to primary government		698	269	3,602	464
Deferred revenues	33	57	463	12,869	740
Liabilities payable from restricted assets		26,065	123		
Other liabilities	47	139,393	60	881	295
Notes payable		100			
Revenue bonds payable		3,023,042	23,385	43,826	39,437
Other obligations		443	1,983	9,931	1,116
Total liabilities	1,271	3,348,164	39,561	91,257	74,644
EQUITY AND OTHER CREDITS					
Contributed capital		33,530			
Investment in fixed assets	7,872		79,620	121,427	195,991
Retained earnings:					
Reserved for:					
Revenue bond and note retirement		245,539			
Other		97,433			
Unreserved		1,272,153			
Fund balances (deficits):					
Reserved for:					
Encumbrances	42,504				1,055
Long-term portion of:					
Intergovernmental and other receivables	6,476				
Loans and notes receivable	79,833				
Restricted fund balances			2,736	21,138	17,459
Endowment and similar funds	11		378	14,595	5,601
Other	96			6,660	
Unreserved:					
Designated, other					
Undesignated	15,006		(6,085)	(11,079)	(9,912)
Total equity and other credits	151,798	1,648,655	76,649	152,741	210,194
Total liabilities, equity and other credits	$ 153,069	$ 4,996,819	$ 116,210	$ 243,998	$ 284,838

University and College Funds (continued)					
Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Non-Major Component Units	Total
$ 6,294	$ 13,857	$ 15,202	$ 139,331	$ 12,863	$ 673,423
75,565	56,094	126,048	933,269	1,196	1,912,757
		2,577		1,004	71,479
4,833	15,283	22,630	19,408	4,858	127,939
214	2,586	5,422	11,144	595	41,329
1,575	5,004	12,449	183,818	3,411	210,869
1,276	3,382	7,542	29,285	216	52,583
1,367	297	4,521	24,793	1,238	38,690
9,524	7,560	14,459	53,744	4,466	1,734,797
		7,413			392,063
382,652	447,828	811,111	3,042,089	179,071	7,175,491
230	1,941	218	17,138	1,117	94,522
$ 483,530	$ 553,832	$ 1,029,592	$ 4,454,019	$ 210,035	$ 12,525,942
$ 29,390	$ 38,522	$ 84,594	$ 313,383	$ 27,518	$ 695,425
		276			2,480
225	2,503	5,047	11,606	595	41,329
57	42	5,274	44,190	445	55,041
1,614	4,496	23,889	31,500	3,975	79,636
				34	26,222
221	518	11,696	24,920	113	178,144
	2,161	1,671	1,865	348	6,145
62,584	84,976	68,257	368,827	6,505	3,720,839
4,005	13,445	6,580	98,162	5,619	141,284
98,096	146,663	207,284	894,453	45,152	4,946,545
					33,530
334,960	346,446	734,473	2,717,158	171,104	4,709,051
					245,539
					97,433
					1,272,153
	437		27,723		71,719
					6,476
					79,833
8,095	59,466	56,568	358,644	6,206	530,312
13,685	7,863	32,745	472,012	876	547,766
26,292					33,048
605		949	8,120	290	9,964
1,797	(7,043)	(2,427)	(24,091)	(13,593)	(57,427)
385,434	407,169	822,308	3,559,566	164,883	7,579,397
$ 483,530	$ 553,832	$ 1,029,592	$ 4,454,019	$ 210,035	$ 12,525,942

Combining Balance Sheet
Component Units - Governmental Funds
June 30, 1997 (Expressed in Thousands)

	Illinois Grain Insurance Corporation	Illinois Conservation Foundation	East St. Louis Finance Advisory Authority	Development Finance Authority	Housing Development Authority
ASSETS					
Cash and cash equivalents	$ 3,014		$ 391	$ 224	$ 28,179
Investments		$ 35	1,537		19,320
Receivables, net:					
Intergovernmental			2,274	4,500	1,102
Other	19				196
Due from other funds					
Due from primary government	53	2			
Inventories		12			
Loans and notes receivable					82,865
Restricted assets		546			
Property, plant and equipment, net					
Other assets		8			
Total assets	$ 3,086	$ 603	$ 4,202	$ 4,724	$ 131,662
LIABILITIES					
Accounts payable and accrued liabilities		$ 27		$ 1	
Due to other funds					$ 980
Deferred revenues					
Other liabilities					
Total liabilities		27		1	980
EQUITY AND OTHER CREDITS					
Investment in fixed assets					
Fund balances:					
Reserved for:					
Encumbrances					42,503
Long-term portion of:					
Intergovernmental and other receivables			$ 1,976	4,500	
Loans and notes receivable					79,833
Endowment and similar funds					
Other					
Unreserved, undesignated	$ 3,086	576	2,226	223	8,346
Total equity and other credits	3,086	576	4,202	4,723	130,682
Total liabilities and equity and other credits	$ 3,086	$ 603	$ 4,202	$ 4,724	$ 131,662

Medical Center Commission	Non-Major Component Units	Total
$ 92	$ 279	$ 32,179
		20,892
150		8,026
196	6	417
147		147
		55
		12
		82,865
		546
7,683	189	7,872
50		58
$ 8,318	$ 474	$ 153,069
$ 35	$ 1	$ 64
147		1,127
33		33
47		47
262	1	1,271
7,683	189	7,872
1		42,504
		6,476
		79,833
	11	11
96		96
276	273	15,006
6,056	473	151,798
$ 8,318	$ 474	$ 153,069

Combining Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
Component Units - Governmental Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Illinois Grain Insurance Corporation	Illinois Conservation Foundation	East St. Louis Finance Advisory Authority	Development Finance Authority	Housing Development Authority
REVENUES					
Other taxes					$ 19,585
Federal government					10,892
Licenses and fees	$ 1,032				60
Interest and other investment income	125	$ 71	$ 8	$ 5	1,401
Other	52	715	71		4,233
Total revenues	1,209	786	79	5	36,171
EXPENDITURES					
Current:					
Health and social services					
Education					
General government	79		28		13,250
Natural resources and recreation		647			
Capital outlays					
Total expenditures	79	647	28		13,250
Excess (deficiency) of revenues over (under) expenditures	1,130	139	51	5	22,921
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers-out					(7,383)
Operating transfers to primary government					
Net other sources (uses) of financial resources					(7,383)
Excess (deficiency) of revenues over (under) expenditures and net other (uses) of financial resources	1,130	139	51	5	15,538
Fund balances, July 1, 1996	1,956	437	4,151	4,718	115,144
FUND BALANCES, JUNE 30, 1997	$ 3,086	$ 576	$ 4,202	$ 4,723	$ 130,682

Medical Center Commission	Non-Major Component Units	Total
		$ 19,585
		10,892
	$ 16	1,108
$ 32	5	1,647
1,036	500	6,607
1,068	521	39,839
1,168	112	1,280
	268	268
	54	13,411
		647
5		5
1,173	434	15,611
(105)	87	24,228
		(7,383)
(8)		(8)
(8)		(7,391)
(113)	87	16,837
486	197	127,089
$ 373	$ 284	$ 143,926

Combining Balance Sheet
Component Units - Proprietary Funds

June 30, 1997 (Expressed in Thousands)

	Comprehensive Health Insurance Board	Housing Development Authority	State Toll Highway Authority	Non-Major Component Units	Total
ASSETS					
Cash and cash equivalents	$ 13,758	$ 508	$ 345,982	$ 34,088	$ 394,336
Investments, short-term	60,260	286,266		8,039	354,565
Receivables, net:					
Intergovernmental				58,830	58,830
Other	817	25,493	14,740	3,180	44,230
Due from other funds		16,755		3,364	20,119
Due from primary government			326		326
Inventories			5,501		5,501
Prepaid expenses	3		6,033	25	6,061
Loans and notes receivable, current		30,487		851	31,338
Restricted assets ($39,054 cash equivalents)		17,925	38,947	887	57,759
Total current assets	74,838	377,434	411,529	109,264	973,065
Investments		301,325		6,693	308,018
Loans and notes receivable		1,518,909		5,140	1,524,049
Restricted assets		166,901	148,922	10,522	326,345
Property, plant and equipment, net	95	720	1,791,680	201	1,792,696
Other assets		72,641		5	72,646
Total assets	$ 74,933	$ 2,437,930	$ 2,352,131	$ 131,825	$ 4,996,819
LIABILITIES					
Accounts payable and accrued liabilities	$ 6,046	$ 83,401	$ 46,783	$ 793	$ 137,023
Intergovernmental payables				2,204	2,204
Due to other funds		15,775		3,364	19,139
Due to primary government	6		688	4	698
Deferred revenues				57	57
Liabilities payable from restricted assets			26,065		26,065
Notes payable, current				10	10
Revenue bonds payable, current		33,060	26,610	2,975	62,645
Other liabilities	10,623	126,780		1,990	139,393
Total current liabilities	16,675	259,016	100,146	11,397	387,234
Notes payable				90	90
Revenue bonds payable		1,994,442	904,240	61,715	2,960,397
Other obligations		93	350		443
Total liabilities	16,675	2,253,551	1,004,736	73,202	3,348,164
FUND EQUITY					
Contributed capital				33,530	33,530
Retained earnings:					
Reserved for:					
Revenue bond and note retirement		95,582	148,922	1,035	245,539
Other	58,258		37,461	1,714	97,433
Unreserved		88,797	1,161,012	22,344	1,272,153
Total fund equity	58,258	184,379	1,347,395	58,623	1,648,655
Total liabilities and fund equity	$ 74,933	$ 2,437,930	$ 2,352,131	$ 131,825	$ 4,996,819

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Component Units - Proprietary Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Comprehensive Health Insurance Board	Housing Development Authority	State Toll Highway Authority	Non-Major Component Units	Total
OPERATING REVENUES					
Charges for sales and services	$ 19,151	$ 7,020	$ 316,029	$ 4,699	$ 346,899
Interest and other investment income		117,254		4,268	121,522
Other		162,445		238	162,683
Total operating revenues	19,151	286,719	316,029	9,205	631,104
OPERATING EXPENSES					
Cost of sales and services			51,156	1,118	52,274
Benefit payments and refunds	33,840				33,840
Interest		125	54,565	3,469	58,159
General and administrative	2,595	172,490	77,809	4,176	257,070
Depreciation	66	247	127,745	132	128,190
Other				848	848
Total operating expenses	36,501	172,862	311,275	9,743	530,381
Operating income (loss)	(17,350)	113,857	4,754	(538)	100,723
NONOPERATING REVENUES (EXPENSES)					
Investment income	4,464	38,960	30,001	2,017	75,442
Interest expense		(141,782)		(49)	(141,831)
Other revenues			4	492	496
Other expenses				(785)	(785)
Income (loss) before operating transfers	(12,886)	11,035	34,759	1,137	34,045
Operating transfers-in		7,385		101	7,486
Operating transfers from primary government	17,324			273	17,597
Operating transfers-out		(2)		(101)	(103)
Operating transfers to primary government			(194)		(194)
Net income	4,438	18,418	34,565	1,410	58,831
Retained earnings, July 1, 1996	53,820	165,961	1,312,830	23,683	1,556,294
RETAINED EARNINGS, JUNE 30, 1997	$ 58,258	$ 184,379	$ 1,347,395	$ 25,093	$ 1,615,125

Combining Statement of Cash Flows
Component Units - Proprietary Funds
For the Year Ended June 30, 1997 (Expressed in Thousands)

	Comprehensive Health Insurance Board	Housing Development Authority	State Toll Highway Authority	Non-Major Component Units	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	$ 19,163	$ 227,657	$ 320,915	$ 3,626	$ 571,361
Cash payments to suppliers for goods and services	(33,313)	(8,866)	(45,958)	(5,594)	(93,731)
Cash payments to employees for services		(7,024)	(87,490)	(2,304)	(96,818)
Cash receipts from other operating activities		1,773,823		5,546	1,779,369
Cash payments for other operating activities		(1,928,596)	(54,982)	(18,890)	(2,002,468)
Net cash provided (used) by operating activities	(14,150)	56,994	132,485	(17,616)	157,713
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Proceeds from borrowing		197,865		16,215	214,080
Principal paid on borrowing		(194,067)		(2,130)	(196,197)
Interest paid on borrowing		(132,541)		(30)	(132,571)
Operating grants received				39	39
Operating grants paid					
Operating transfers-in from other funds		7,385		101	7,486
Operating transfers from component units					
Operating transfers from primary government	17,324			273	17,597
Operating transfers-out to other funds		(2)		(101)	(103)
Operating transfers to primary government			(194)		(194)
Other noncapital financing activities		(2,173)			(2,173)
Net cash provided (used) by noncapital financing activities	17,324	(123,533)	(194)	14,367	(92,036)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of revenue bonds			148,285		148,285
Acquisition and construction of capital assets	(38)	(227)	(139,715)	(43)	(140,023)
Principal paid on revenue bond maturities and equipment contracts			(174,826)		(174,826)
Interest paid on bond maturities and equipment contracts			(54,565)	(3)	(54,568)
Proceeds from sale of equipment		7		2,968	2,975
Other capital and related financing activities			29,929	(600)	29,329
Net cash used in capital and related financing activities	(38)	(220)	(190,892)	2,322	(188,828)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(38,554)	(1,724,489)		(81,841)	(1,844,884)
Proceeds from sale and maturities of investment securities	35,730	1,752,428	8,517	87,979	1,884,654
Interest and dividends on investments	4,464	37,880	30,001	1,979	74,324
Net cash provided by investing activities	1,640	65,819	38,518	8,117	114,094
Net increase (decrease) in cash and cash equivalents	4,776	(940)	(20,083)	7,190	(9,057)
Cash and cash equivalents, July 1, 1996	8,982	1,555	405,012	26,898	442,447
CASH AND CASH EQUIVALENTS, JUNE 30, 1997	$ 13,758	$ 615	$ 384,929	$ 34,088	$ 433,390
Reconciliation of cash and cash equivalents to the balance sheet:					
Total cash and cash equivalents per the balance sheet	$ 13,758	$ 508	$ 345,982	$ 34,088	$ 394,336
Add: restricted cash equivalents		107	38,947		39,054
CASH AND CASH EQUIVALENTS, JUNE 30, 1997	$ 13,758	$ 615	$ 384,929	$ 34,088	$ 433,390
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (17,350)	$ 113,857	$ 4,754	$ (538)	$ 100,723
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	66	247	127,745	132	128,190
Provision for uncollectible accounts		470		29	499
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	12	(68,728)	794	(15,602)	(83,524)
(Increase) decrease in due from other funds		(1,577)		1,147	(430)
(Increase) decrease in due from primary government			4,092	2	4,094
(Increase) decrease in inventory			404		404
(Increase) decrease in prepaid expenses	31		(1,803)	9	(1,763)
Increase (decrease) in accounts payable and accrued liabilities	2,950	2,834	1,092	174	7,050
Increase (decrease) in intergovernmental payables				(100)	(100)
Increase (decrease) in due to other funds		1,256		(1,145)	111
Increase (decrease) in due to primary government	2	(1)	47	8	56
Increase (decrease) in deferred revenues				(1,124)	(1,124)
Increase (decrease) in other liabilities	139	7,620	(290)	323	7,792
Increase (decrease) in liabilities payable from restricted assets			(4,350)		(4,350)
Other		1,016		(931)	85
Total adjustments	3,200	(56,863)	127,731	(17,078)	56,990
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (14,150)	$ 56,994	$ 132,485	$ (17,616)	$ 157,713

BUDGETARY SCHEDULES

Budgetary Schedules provide a comparison of the legally adopted budgeted amounts with actual results of operations on a budgetary (Non-GAAP) basis.

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) General Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	General Revenue			Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	$ 6,394,000	$ 6,696,418	$ 302,418			
Sales taxes	3,765,000	3,750,205	(14,795)	$ 1,255,000	$ 1,241,639	$ (13,361)
Public utility taxes	783,000	860,439	77,439			
Federal government	3,199,000	3,206,998	7,998			
Other	1,170,000	1,361,218	191,218			
Less:						
Refunds	12,526	9,517	(3,009)			
Total revenues	15,298,474	15,865,761	567,287	1,255,000	1,241,639	(13,361)
EXPENDITURES:						
Current:						
Health and social services	6,887,904	6,703,477	(184,427)			
Education	3,033,476	3,023,000	(10,476)			
General government	1,113,562	1,078,543	(35,019)			
Transportation	100,287	75,283	(25,004)			
Social assistance	1,511,465	1,415,589	(95,876)			
Public protection and justice	1,293,306	1,275,492	(17,814)			
Natural resources and recreation	134,859	125,919	(8,940)			
Capital outlays	167,851	112,670	(55,181)			
Total expenditures	14,242,710	13,809,973	(432,737)			
Excess (deficiency) of revenues over (under) expenditures	1,055,764	2,055,788	1,000,024	1,255,000	1,241,639	(13,361)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	407,000	370,624	(36,376)			
Operating transfers-out	(1,991,000)	(2,021,685)	(30,685)	(1,234,000)	(1,234,134)	(134)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(528,236)	404,727	932,963	21,000	7,505	(13,495)
Budgetary fund balances (deficits), July 1, 1996	(298,670)	(298,670)	-- --	45,412	45,412	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (826,906)	$ 106,057	$ 932,963	$ 66,412	$ 52,917	$ (13,495)

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 503,000	$ 527,334	$ 24,334				$ 6,897,000	$ 7,223,752	$ 326,752
						5,020,000	4,991,844	(28,156)
			$ 12,000	$ 12,000	$ --	795,000	872,439	77,439
						3,199,000	3,206,998	7,998
--	166	166	52,000	51,852	(148)	1,222,000	1,413,236	191,236
						12,526	9,517	(3,009)
503,000	527,500	24,500	64,000	63,852	(148)	17,120,474	17,698,752	578,278
						6,887,904	6,703,477	(184,427)
756,367	756,211	(156)	2,271,325	2,268,598	(2,727)	6,061,168	6,047,809	(13,359)
						1,113,562	1,078,543	(35,019)
						100,287	75,283	(25,004)
						1,511,465	1,415,589	(95,876)
						1,293,306	1,275,492	(17,814)
						134,859	125,919	(8,940)
6,523	6,514	(9)	11	11	--	174,385	119,195	(55,190)
762,890	762,725	(165)	2,271,336	2,268,609	(2,727)	17,276,936	16,841,307	(435,629)
(259,890)	(235,225)	24,665	(2,207,336)	(2,204,757)	2,579	(156,462)	857,445	1,013,907
272,000	185,021	(86,979)	2,185,000	2,180,045	(4,955)	2,864,000	2,735,690	(128,310)
--	(145)	(145)	--	(75)	(75)	(3,225,000)	(3,256,039)	(31,039)
12,110	(50,349)	(62,459)	(22,336)	(24,787)	(2,451)	(517,462)	337,096	854,558
80,586	80,586	--	(119,708)	(119,708)	--	(292,380)	(292,380)	--
$ 92,696	$ 30,237	$ (62,459)	$ (142,044)	$ (144,495)	$ (2,451)	$ (809,842)	$ 44,716	$ 854,558

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Highway Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Road			Motor Fuel Tax-State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				$ 1,166,676	$ 1,172,368	$ 5,692
Federal government	$ 747,443	$ 630,166	$ (117,277)	-- --	264	264
Other	502,732	528,571	25,839	-- --	666	666
Less:						
Refunds	1,403	1,389	(14)	20,000	10,846	(9,154)
Total revenues	1,248,772	1,157,348	(91,424)	1,146,676	1,162,452	15,776
EXPENDITURES:						
Current:						
General government	197,700	195,342	(2,358)	61,767	47,115	(14,652)
Transportation	2,288,213	1,116,740	(1,171,473)	8,418	8,076	(342)
Social assistance	1,440	1,440	-- --			
Public protection and justice	52,733	52,732	(1)			
Capital outlays	32,712	31,527	(1,185)	1,015	1,009	(6)
Total expenditures	2,572,798	1,397,781	(1,175,017)	71,200	56,200	(15,000)
Excess (deficiency) of revenues over (under) expenditures	(1,324,026)	(240,433)	1,083,593	1,075,476	1,106,252	30,776
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	408,530	421,078	12,548	90,400	88,550	(1,850)
Operating transfers-out	(203,667)	(199,929)	3,738	(1,186,800)	(1,220,860)	(34,060)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,119,163)	(19,284)	1,099,879	(20,924)	(26,058)	(5,134)
Budgetary fund balances (deficits), July 1, 1996	248,718	248,718	-- --	114,887	114,887	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (870,445)	$ 229,434	$ 1,099,879	$ 93,963	$ 88,829	$ (5,134)

Grade Crossing Protection			State Construction Account			Motor Fuel Tax-Counties		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 283,962	$ 300,008	$ 16,046			
			283,962	300,008	16,046			
$ 78,020	$ 17,267	$ (60,753)	1,138,948	576,199	(562,749)	$ 169,700	$ 161,943	$ (7,757)
78,020	17,267	(60,753)	1,138,948	576,199	(562,749)	169,700	161,943	(7,757)
(78,020)	(17,267)	60,753	(854,986)	(276,191)	578,795	(169,700)	(161,943)	7,757
18,000	18,000	-- --	268,383	275,593	7,210	161,700	166,684	4,984
(1,901)	(1,501)	400	(44)	(44)	-- --			
(61,921)	(768)	61,153	(586,647)	(642)	586,005	(8,000)	4,741	12,741
45,779	45,779	-- --	217,276	217,276	-- --	(16,987)	(16,987)	-- --
$ (16,142)	$ 45,011	$ 61,153	$ (369,371)	$ 216,634	$ 586,005	$ (24,987)	$ (12,246)	$ 12,741

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Highway Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Motor Fuel Tax-Municipalities			Motor Fuel Tax-Township		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes						
Federal government						
Other						
Less:						
Refunds						
Total revenues						
EXPENDITURES:						
Current:						
General government						
Transportation	$ 238,100	$ 227,119	$ (10,981)	$ 77,000	$ 73,502	$ (3,498)
Social assistance						
Public protection and justice						
Capital outlays						
Total expenditures	238,100	227,119	(10,981)	77,000	73,502	(3,498)
Excess (deficiency) of revenues over (under) expenditures	(238,100)	(227,119)	10,981	(77,000)	(73,502)	3,498
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	226,800	233,768	6,968	73,400	75,653	2,253
Operating transfers-out						
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(11,300)	6,649	17,949	(3,600)	2,151	5,751
Budgetary fund balances (deficits), July 1, 1996	(23,823)	(23,823)	-- --	(7,709)	(7,709)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (35,123)	$ (17,174)	$ 17,949	$ (11,309)	$ (5,558)	$ 5,751

	Total	
Final Budget	Actual	Variance Over (Under)
$ 1,166,676	$ 1,172,368	$ 5,692
747,443	630,430	(117,013)
786,694	829,245	42,551
21,403	12,235	(9,168)
2,679,410	2,619,808	(59,602)
259,467	242,457	(17,010)
3,998,399	2,180,846	(1,817,553)
1,440	1,440	-- --
52,733	52,732	(1)
33,727	32,536	(1,191)
4,345,766	2,510,011	(1,835,755)
(1,666,356)	109,797	1,776,153
1,247,213	1,279,326	32,113
(1,392,412)	(1,422,334)	(29,922)
(1,811,555)	(33,211)	1,778,344
578,141	578,141	-- --
$ (1,233,414)	$ 544,930	$ 1,778,344

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) University Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	University Income			Southern Illinois University		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government						
Other	$ 9,160	$ 9,160	$ --	$ 4,088	$ 4,088	$ --
Less:						
Refunds						
Total revenues	9,160	9,160	--	4,088	4,088	--
EXPENDITURES:						
Current:						
Education	193,008	14,800	(178,208)	75,069	5,286	(69,783)
Social assistance	342	--	(342)	111	--	(111)
Capital outlays	18,820	--	(18,820)	7,429	--	(7,429)
Total expenditures	212,170	14,800	(197,370)	82,609	5,286	(77,323)
Excess (deficiency) of revenues over (under) expenditures	(203,010)	(5,640)	197,370	(78,521)	(1,198)	77,323
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	--	32	32	--	9	9
Operating transfers-out	(165)	(165)		(134)	(134)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(203,175)	(5,773)	197,402	(78,655)	(1,323)	77,332
Budgetary fund balances (deficits), July 1, 1996	5,773	5,773	--	1,323	1,323	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (197,402)	$ --	$ 197,402	$ (77,332)	$ --	$ 77,332

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ --	$ 28	$ 28	$ --	$ 28	$ 28
30,679	30,732	53	43,927	43,980	53
2	1	(1)	2	1	(1)
30,677	30,759	82	43,925	44,007	82
168,161	24,620	(143,541)	436,238	44,706	(391,532)
204	1	(203)	657	1	(656)
12,915	102	(12,813)	39,164	102	(39,062)
181,280	24,723	(156,557)	476,059	44,809	(431,250)
(150,603)	6,036	156,639	(432,134)	(802)	431,332
--	39	39	--	80	80
(201)	(220)	(19)	(500)	(519)	(19)
(150,804)	5,855	156,659	(432,634)	(1,241)	431,393
(5,710)	(5,710)	--	1,386	1,386	--
$ (156,514)	$ 145	$ 156,659	$ (431,248)	$ 145	$ 431,393

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Secretary of State Live and Learn			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				$ 1,534,729	$ 1,534,729	$ --
Sales taxes				483,165	501,038	17,873
Motor fuel taxes						
Public utility taxes				204,263	204,263	--
Federal government				1,158,584	1,266,626	108,042
Other				3,212,500	3,072,177	(140,323)
Less:						
Refunds				842,966	828,987	(13,979)
Total revenues				5,750,275	5,749,846	(429)
EXPENDITURES:						
Current:						
Health and social services				2,387,236	2,122,432	(264,804)
Education				29,452	29,452	--
General government	$ 24,805	$ 20,981	$ (3,824)	3,406,367	3,170,452	(235,915)
Transportation				213,646	191,384	(22,262)
Social assistance						
Public protection and justice				55,870	48,850	(7,020)
Natural resources and recreation				93,658	55,623	(38,035)
Capital outlays	7	7	--	13,012	12,888	(124)
Total expenditures	24,812	20,988	(3,824)	6,199,241	5,631,081	(568,160)
Excess (deficiency) of revenues over (under) expenditures	(24,812)	(20,988)	3,824	(448,966)	118,765	567,731
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	20,904	20,904	--	1,212,041	1,194,903	(17,138)
Operating transfers-out	(3)	(3)	--	(1,522,081)	(1,432,246)	89,835
Budgetary funds-nonbudgeted accounts				(98,727)	(98,727)	--
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(3,911)	(87)	3,824	(857,733)	(217,305)	640,428
Budgetary fund balances, July 1, 1996	2,363	2,363	--	191,131	191,131	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (1,548)	$ 2,276	$ 3,824	$ (666,602)	$ (26,174)	$ 640,428

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						$ 1,534,729	$ 1,534,729	$ --
						483,165	501,038	17,873
$ 63,488	$ 59,901	$ (3,587)				63,488	59,901	(3,587)
14,837	16,154	1,317				219,100	220,417	1,317
194,900	171,475	(23,425)	$ 43,620	$ 36,114	$ (7,506)	1,397,104	1,474,215	77,111
85,619	128,772	43,153	356,689	360,701	4,012	3,654,808	3,561,650	(93,158)
133	78	(55)	1,660	734	(926)	844,759	829,799	(14,960)
358,711	376,224	17,513	398,649	396,081	(2,568)	6,507,635	6,522,151	14,516
			112,464	78,711	(33,753)	2,499,700	2,201,143	(298,557)
136,476	107,965	(28,511)	9,898	1,729	(8,169)	175,826	139,146	(36,680)
71,634	61,589	(10,045)	176,091	111,353	(64,738)	3,678,897	3,364,375	(314,522)
			33,731	16,845	(16,886)	247,377	208,229	(39,148)
			300	14	(286)	300	14	(286)
33,173	31,260	(1,913)	124,006	104,030	(19,976)	213,049	184,140	(28,909)
404,779	179,236	(225,543)	186,037	94,253	(91,784)	684,474	329,112	(355,362)
1,520	1,482	(38)	29,083	22,878	(6,205)	43,622	37,255	(6,367)
647,582	381,532	(266,050)	671,610	429,813	(241,797)	7,543,245	6,463,414	(1,079,831)
(288,871)	(5,308)	283,563	(272,961)	(33,732)	239,229	(1,035,610)	58,737	1,094,347
57,109	56,159	(950)	84,971	80,866	(4,105)	1,375,025	1,352,832	(22,193)
(9,474)	(9,480)	(6)	(16,691)	(18,190)	(1,499)	(1,548,249)	(1,459,919)	88,330
			(999)	(999)	-- --	(99,726)	(99,726)	-- --
(241,236)	41,371	282,607	(205,680)	27,945	233,625	(1,308,560)	(148,076)	1,160,484
92,284	92,284	-- --	274,554	274,554	-- --	560,332	560,332	-- --
$ (148,952)	$ 133,655	$ 282,607	$ 68,874	$ 302,499	$ 233,625	$ (748,228)	$ 412,256	$ 1,160,484

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Code Departments

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Central Management Services			Children and Family Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government	$ 15,000	$ 11,266	$ (3,734)	$ 351,200	$ 412,602	$ 61,402
Other	785,650	766,048	(19,602)	-- --	10,437	10,437
Less:						
Refunds						
Total revenues	800,650	777,314	(23,336)	351,200	423,039	71,839
EXPENDITURES:						
Current:						
Health and social services				405,601	382,963	(22,638)
Education						
General government	770,196	635,934	(134,262)			
Transportation						
Public protection and justice						
Natural resources and recreation						
Capital outlays	43	43	-- --	1,357	1,357	-- --
Total expenditures	770,239	635,977	(134,262)	406,958	384,320	(22,638)
Excess (deficiency) of revenues over (under) expenditures	30,411	141,337	110,926	(55,758)	38,719	94,477
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(23)	(23)	-- --	(49)	(16,149)	(16,100)
Budgetary funds-nonbudgeted accounts	(98,727)	(98,727)	-- --			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(68,339)	42,587	110,926	(55,807)	22,570	78,377
Budgetary fund balances (deficits), July 1, 1996	(75,446)	(75,446)	-- --	(10,983)	(10,983)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (143,785)	$ (32,859)	$ 110,926	$ (66,790)	$ 11,587	$ 78,377

Commerce and Community Affairs			Natural Resources			Public Aid		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 5,475	$ 7,144	$ 1,669	$ 737,647	$ 774,148	$ 36,501
$ 9,733	$ 9,776	$ 43	29,250	30,325	1,075	790,835	821,147	30,312
			750	697	(53)	13,750	35	(13,715)
9,733	9,776	43	33,975	36,772	2,797	1,514,732	1,595,260	80,528
						1,895,060	1,658,603	(236,457)
25,838	24,903	(935)						
			75,658	37,623	(38,035)			
101	101	--	8,239	8,151	(88)			
25,939	25,004	(935)	83,897	45,774	(38,123)	1,895,060	1,658,603	(236,457)
(16,206)	(15,228)	978	(49,922)	(9,002)	40,920	(380,328)	(63,343)	316,985
52,273	54,331	2,058	20,000	20,000	--	66,547	64,922	(1,625)
(37,909)	(37,909)	--	(12,167)	(12,167)	--	(70,034)	(45,225)	24,809
(1,842)	1,194	3,036	(42,089)	(1,169)	40,920	(383,815)	(43,646)	340,169
21,649	21,649	--	28,614	28,614	--	(30,320)	(30,320)	--
$ 19,807	$ 22,843	$ 3,036	$ (13,475)	$ 27,445	$ 40,920	$ (414,135)	$ (73,966)	$ 340,169

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Code Departments

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Revenue			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	$ 1,534,729	$ 1,534,729	$ --			
Sales taxes	483,165	501,038	17,873			
Public utility taxes	204,263	204,263	--			
Federal government						
Other	523,007	396,664	(126,343)			
Less:						
Refunds	828,315	828,161	(154)			
Total revenues	1,916,849	1,808,533	(108,316)			
EXPENDITURES:						
Current:						
Health and social services						
Education						
General government	2,180,174	2,160,722	(19,452)			
Transportation				$ 213,646	$ 191,384	$ (22,262)
Public protection and justice						
Natural resources and recreation	18,000	18,000	--			
Capital outlays	191	190	(1)			
Total expenditures	2,198,365	2,178,912	(19,453)	213,646	191,384	(22,262)
Excess (deficiency) of revenues over (under) expenditures	(281,516)	(370,379)	(88,863)	(213,646)	(191,384)	22,262
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	848,221	849,191	970	215,141	196,724	(18,417)
Operating transfers-out	(802,010)	(724,511)	77,499	(3,698)	(4,482)	(784)
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(235,305)	(245,699)	(10,394)	(2,203)	858	3,061
Budgetary fund balances (deficits), July 1, 1996	215,284	215,284	--	10,201	10,201	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (20,021)	$ (30,415)	$ (10,394)	$ 7,998	$ 11,059	$ 3,061

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 1,534,729	$ 1,534,729	$ --
			483,165	501,038	17,873
			204,263	204,263	--
$ 49,262	$ 61,466	$ 12,204	1,158,584	1,266,626	108,042
1,074,025	1,037,780	(36,245)	3,212,500	3,072,177	(140,323)
151	94	(57)	842,966	828,987	(13,979)
1,123,136	1,099,152	(23,984)	5,750,275	5,749,846	(429)
86,575	80,866	(5,709)	2,387,236	2,122,432	(264,804)
29,452	29,452	--	29,452	29,452	--
430,159	348,893	(81,266)	3,406,367	3,170,452	(235,915)
			213,646	191,384	(22,262)
55,870	48,850	(7,020)	55,870	48,850	(7,020)
			93,658	55,623	(38,035)
3,081	3,046	(35)	13,012	12,888	(124)
605,137	511,107	(94,030)	6,199,241	5,631,081	(568,160)
517,999	588,045	70,046	(448,966)	118,765	567,731
9,859	9,735	(124)	1,212,041	1,194,903	(17,138)
(596,191)	(591,780)	4,411	(1,522,081)	(1,432,246)	89,835
			(98,727)	(98,727)	--
(68,333)	6,000	74,333	(857,733)	(217,305)	640,428
32,132	32,132	--	191,131	191,131	--
$ (36,201)	$ 38,132	$ 74,333	$ (666,602)	$ (26,174)	$ 640,428

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Central Management Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	State Employees Deferred Compensation Plan			Health Insurance Reserve		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 15,000	$ 11,266	$ (3,734)
Other	$ 100,650	$ 100,650	$ --	685,000	665,398	(19,602)
Total revenues	100,650	100,650	--	700,000	676,664	(23,336)
EXPENDITURES:						
Current:						
General government	1,728	653	(1,075)	768,468	635,281	(133,187)
Capital outlays	14	14	--	29	29	--
Total expenditures	1,742	667	(1,075)	768,497	635,310	(133,187)
Excess (deficiency) of revenues over (under) expenditures	98,908	99,983	1,075	(68,497)	41,354	109,851
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(23)	(23)	--			
Budgetary funds-nonbudgeted accounts	(98,727)	(98,727)	--			
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	158	1,233	1,075	(68,497)	41,354	109,851
Budgetary fund balances (deficits), July 1, 1996	979	979	--	(76,425)	(76,425)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 1,137	$ 2,212	$ 1,075	$ (144,922)	$ (35,071)	$ 109,851

	Total	
Budget	Actual	Variance Over (Under)
$ 15,000	$ 11,266	$ (3,734)
785,650	766,048	(19,602)
800,650	777,314	(23,336)
770,196	635,934	(134,262)
43	43	-- --
770,239	635,977	(134,262)
30,411	141,337	110,926
(23)	(23)	-- --
(98,727)	(98,727)	-- --
(68,339)	42,587	110,926
(75,446)	(75,446)	-- --
$ (143,785)	$ (32,859)	$ 110,926

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Children and Family Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Child Care and Development			DCFS Children's Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 34,000	$ 34,547	$ 547	$ 317,200	$ 378,055	$ 60,855
Other				-- --	10,437	10,437
Total revenues	34,000	34,547	547	317,200	388,492	71,292
EXPENDITURES:						
Current:						
Health and social services	36,083	35,160	(923)	369,518	347,803	(21,715)
Capital outlays	7	7	-- --	1,350	1,350	-- --
Total expenditures	36,090	35,167	(923)	370,868	349,153	(21,715)
Excess (deficiency) of revenues over (under) expenditures	(2,090)	(620)	1,470	(53,668)	39,339	93,007
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(8)	(8)	-- --	(41)	(16,141)	(16,100)
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(2,098)	(628)	1,470	(53,709)	23,198	76,907
Budgetary fund (deficits), July 1, 1996	(7,159)	(7,159)	-- --	(3,824)	(3,824)	-- --
BUDGETARY FUND BALANCE (DEFICITS), JUNE 30, 1997	$ (9,257)	$ (7,787)	$ 1,470	$ (57,533)	$ 19,374	$ 76,907

	Total	
Final Budget	Actual	Variance Over (Under)
$ 351,200	$ 412,602	$ 61,402
	10,437	10,437
351,200	423,039	71,839
405,601	382,963	(22,638)
1,357	1,357	
406,958	384,320	(22,638)
(55,758)	38,719	94,477
(49)	(16,149)	(16,100)
(55,807)	22,570	78,377
(10,983)	(10,983)	-- --
$ (66,790)	$ 11,587	$ 78,377

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Commerce and Community Affairs

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Metropolitan Exposition Auditorium and Office Building			Tourism Promotion		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	$ 9,733	$ 9,733	$ --	$ --	$ 43	$ 43
Total revenues	9,733	9,733	--	--	43	43
EXPENDITURES:						
Current:						
General government				25,838	24,903	(935)
Capital outlays				101	101	--
Total expenditures				25,939	25,004	(935)
Excess (deficiency) of revenues over (under) expenditures	9,733	9,733	--	(25,939)	(24,961)	978
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	28,233	28,233	--	24,040	26,098	2,058
Operating transfers-out	(37,896)	(37,896)	--	(13)	(13)	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	70	70	--	(1,912)	1,124	3,036
Budgetary fund balances, July 1, 1996	18,624	18,624	--	3,025	3,025	--
BUDGETARY FUND BALANCES, JUNE 30, 1997	$ 18,694	$ 18,694	$ --	$ 1,113	$ 4,149	$ 3,036

	Total	
Final Budget	Actual	Variance Over (Under)
$ 9,733	$ 9,776	$ 43
9,733	9,776	43
25,838	24,903	(935)
101	101	-- --
25,939	25,004	(935)
(16,206)	(15,228)	978
52,273	54,331	2,058
(37,909)	(37,909)	-- --
(1,842)	1,194	3,036
21,649	21,649	-- --
$ 19,807	$ 22,843	$ 3,036

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Natural Resources

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Wildlife and Fish			Park and Conservation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 5,175	$ 6,089	$ 914	$ 300	$ 1,055	$ 755
Other	23,250	23,893	643	6,000	6,432	432
Less:						
Refunds	750	697	(53)			
Total revenues	27,675	29,285	1,610	6,300	7,487	1,187
EXPENDITURES:						
Current:						
Natural resources and recreation	28,321	25,946	(2,375)	47,337	11,677	(35,660)
Capital outlays	1,769	1,681	(88)	6,470	6,470	-- --
Total expenditures	30,090	27,627	(2,463)	53,807	18,147	(35,660)
Excess (deficiency) of revenues over (under) expenditures	(2,415)	1,658	4,073	(47,507)	(10,660)	36,847
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				20,000	20,000	-- --
Operating transfers-out	(1,425)	(1,425)		(10,742)	(10,742)	-- --
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(3,840)	233	4,073	(38,249)	(1,402)	36,847
Budgetary fund balances, July 1, 1996	859	859	-- --	27,755	27,755	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (2,981)	$ 1,092	$ 4,073	$ (10,494)	$ 26,353	$ 36,847

	Total	
Final Budget	Actual	Variance Over (Under)
$ 5,475	$ 7,144	$ 1,669
29,250	30,325	1,075
750	697	(53)
33,975	36,772	2,797
75,658	37,623	(38,035)
8,239	8,151	(88)
83,897	45,774	(38,123)
(49,922)	(9,002)	40,920
20,000	20,000	-- --
(12,167)	(12,167)	-- --
(42,089)	(1,169)	40,920
28,614	28,614	-- --
$ (13,475)	$ 27,445	$ 40,920

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Public Aid

For the Year Ended June 30, 1997 (Expressed in Thousands)

	University of Illinois Hospital Services			County Hospital Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 96,568	$ 81,588	$ (14,980)	$ 252,442	$ 389,459	$ 137,017
Other	102,132	59,527	(42,605)	282,318	403,265	120,947
Less:						
Refunds				2,500	-- --	(2,500)
Total revenues	198,700	141,115	(57,585)	532,260	792,724	260,464
EXPENDITURES:						
Current:						
Health and social services	173,400	122,494	(50,906)	964,119	794,566	(169,553)
Total expenditures	173,400	122,494	(50,906)	964,119	794,566	(169,553)
Excess (deficiency) of revenues over (under) expenditures	25,300	18,621	(6,679)	(431,859)	(1,842)	430,017
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	44,700	44,700	-- --			
Operating transfers-out	(70,000)	(45,196)	24,804			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	-- --	18,125	18,125	(431,859)	(1,842)	430,017
Budgetary fund balances (deficits), July 1, 1996	4,322	4,322	-- --	(27,263)	(27,263)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 4,322	$ 22,447	$ 18,125	$ (459,122)	$ (29,105)	$ 430,017

Care Provider Fund for Persons with Developmental Disabilities			Long Term Care Provider			Hospital Provider		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 17,710	$ 14,702	$ (3,008)	$ 170,200	$ 139,812	$ (30,388)	$ 200,727	$ 148,587	$ (52,140)
16,397	16,453	56	160,987	179,546	(1,441)	209,001	162,356	(46,645)
1,000	-- --	(1,000)	2,750	35	(2,715)	7,500	-- --	(7,500)
33,107	31,155	(1,952)	348,437	319,323	(29,114)	402,228	310,943	(91,285)
36,100	35,292	(808)	376,052	374,847	(1,205)	322,974	309,766	(13,208)
36,100	35,292	(808)	376,052	374,847	(1,205)	322,974	309,766	(13,208)
(2,993)	(4,137)	(1,144)	(27,615)	(55,524)	(27,909)	79,254	1,177	(78,077)
-- --	1	1	-- --	10	10	-- --	17	17
(1)	(1)	-- --	(9)	(9)	-- --	(18)	(18)	-- --
(2,994)	(4,137)	(1,143)	(27,624)	(55,523)	(27,899)	79,236	1,176	(78,060)
2,384	2,384	-- --	5,689	5,689	-- --	(15,679)	(15,679)	-- --
$ (610)	$ (1,753)	$ (1,143)	$ (21,935)	$ (49,834)	$ (27,899)	$ 63,557	$ (14,503)	$ (78,060)

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Public Aid

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Local Initiative			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 737,647	$ 774,148	$ 36,501
Other				790,835	821,147	30,312
Less:						
Refunds				13,750	35	(13,715)
Total revenues				1,514,732	1,595,260	80,528
EXPENDITURES:						
Current:						
Health and social services	$ 22,415	$ 21,638	$ (777)	1,895,060	1,658,603	(236,457)
Total expenditures	22,415	21,638	(777)	1,895,060	1,658,603	(236,457)
Excess (deficiency) of revenues over (under) expenditures	(22,415)	(21,638)	777	(380,328)	(63,343)	316,985
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	21,847	20,194	(1,653)	66,547	64,922	(1,625)
Operating transfers-out	(6)	(1)	5	(70,034)	(45,225)	24,809
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(574)	(1,445)	(871)	(383,815)	(43,646)	340,169
Budgetary fund balances (deficits), July 1, 1996	227	227	-- --	(30,320)	(30,320)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (347)	$ (1,218)	$ (871)	$ (414,135)	$ (73,966)	$ 340,169

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Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Revenue

For the Year Ended June 30, 1997 (Expressed in Thousands)

	State Gaming			State and Local Sales Tax Reform		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes				$ 153,826	$ 171,629	$ 17,803
Public utility taxes						
Other	$ 370,030	$ 261,122	$ (108,908)			
Less:						
Refunds	185	31	(154)			
Total revenues	369,845	261,091	(108,754)	153,826	171,629	17,803
EXPENDITURES:						
Current:						
General government	103,570	102,060	(1,510)	31,172	31,172	-- --
Natural resources and recreation						
Capital outlays	70	69	(1)			
Total expenditures	103,640	102,129	(1,511)	31,172	31,172	-- --
Excess (deficiency) of revenues over (under) expenditures	266,205	158,962	(107,243)	122,654	140,457	17,803
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(272,004)	(185,004)	87,000	(122,654)	(132,155)	(9,501)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(5,799)	(26,042)	(20,243)	-- --	8,302	8,302
Budgetary fund balances (deficits), July 1, 1996	29,900	29,900	-- --	21,713	21,713	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 24,101	$ 3,858	$ (20,243)	$ 21,713	$ 30,015	$ 8,302

R.T.A. Occupation and Use Tax Replacement			Illinois Sports Facilities			Income Tax Refund		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						$ 860,766	$ 860,766	$ --
			$ 18,000	$ 18,000	$ --			
						828,130	828,130	--
			18,000	18,000	--	32,636	32,636	--
$ 15,586	$ 15,586	$ --						
			18,000	18,000	--			
15,586	15,586	--	18,000	18,000	--			
(15,586)	(15,586)	--	--	--	--	32,636	32,636	--
15,586	16,556	970				5,447	5,447	--
						(11)	(11)	--
--	970	970	--	--	--	38,072	38,072	--
251	251	--				958	958	--
$ 251	$ 1,221	$ 970	$ --	$ --	$ --	$ 39,030	$ 39,030	$ --

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Revenue

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Illinois Tax Increment			McCormick Place Expansion Project		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes	$ 14,229	$ 14,299	$ 70			
Public utility taxes						
Other	187	188	1	$ 61,996	$ 44,560	$ (17,436)
Less:						
Refunds						
Total revenues	14,416	14,487	71	61,996	44,560	(17,436)
EXPENDITURES:						
Current:						
General government	15,416	15,055	(361)	62,000	44,560	(17,440)
Natural resources and recreation						
Capital outlays						
Total expenditures	15,416	15,055	(361)	62,000	44,560	(17,440)
Excess (deficiency) of revenues over (under) expenditures	(1,000)	(568)	432	(4)	--	4
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out						
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,000)	(568)	432	(4)	--	4
Budgetary fund balances (deficits), July 1, 1996	1,220	1,220	--			
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 220	$ 652	$ 432	$ (4)	$ --	$ 4

Local Government Distributive			Personal Property Tax Replacement			Build Illinois		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 673,963	$ 673,963	$ --			
$ 21,184	$ 21,184	$ --				$ 293,926	$ 293,926	$ --
			204,263	204,263	--			
			2,651	2,651	--	70,143	70,143	--
21,184	21,184	--	880,877	880,877	--	364,069	364,069	--
873,681	873,681	--	1,078,749	1,078,608	(141)			
			121	121	--			
873,681	873,681	--	1,078,870	1,078,729	(141)			
(852,497)	(852,497)	--	(197,993)	(197,852)	141	364,069	364,069	--
789,358	789,358	--	27	27	--	37,803	37,803	
(10)	(10)	--	(5,459)	(5,459)	--	(401,872)	(401,872)	--
(63,149)	(63,149)	--	(203,425)	(203,284)	141	--	--	--
(1,953)	(1,953)	--	163,195	163,195	--			
$ (65,102)	$ (65,102)	$ --	$ (40,230)	$ (40,089)	$ 141	$ --	$ --	$ --

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Revenue

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Income taxes	$ 1,534,729	$ 1,534,729	$ --
Sales taxes	483,165	501,038	17,873
Public utility taxes	204,263	204,263	--
Other	523,007	396,664	(126,343)
Less:			
Refunds	828,315	828,161	(154)
Total revenues	1,916,849	1,808,533	(108,316)
EXPENDITURES:			
Current:			
General government	2,180,174	2,160,722	(19,452)
Natural resources and recreation	18,000	18,000	--
Capital outlays	191	190	(1)
Total expenditures	2,198,365	2,178,912	(19,453)
Excess (deficiency) of revenues over (under) expenditures	(281,516)	(370,379)	(88,863)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	848,221	849,191	970
Operating transfers-out	(802,010)	(724,511)	77,499
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(235,305)	(245,699)	(10,394)
Budgetary fund balances (deficits), July 1, 1996	215,284	215,284	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (20,021)	$ (30,415)	$ (10,394)

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Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Transportation

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Public Transportation			Downstate Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	$ 188,500	$ 171,688	$ (16,812)	$ 25,146	$ 19,696	$ (5,450)
Total expenditures	188,500	171,688	(16,812)	25,146	19,696	(5,450)
(Deficiency) of revenues (under) expenditures	(188,500)	(171,688)	16,812	(25,146)	(19,696)	5,450
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	189,995	171,688	(18,307)	25,146	25,036	(110)
Operating transfers-out	(15)	(15)	--	(3,683)	(4,467)	(784)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	1,480	(15)	(1,495)	(3,683)	873	4,556
Budgetary fund balances, July 1, 1996	26	26	--	10,175	10,175	--
BUDGETARY FUND BALANCES, JUNE 30, 1997	$ 1,506	$ 11	$ (1,495)	$ 6,492	$ 11,048	$ 4,556

	Total	
Final Budget	Actual	Variance Over (Under)
$ 213,646	$ 191,384	$ (22,262)
213,646	191,384	(22,262)
(213,646)	(191,384)	22,262
215,141	196,724	(18,417)
(3,698)	(4,482)	(784)
(2,203)	858	3,061
10,201	10,201	--
$ 7,998	$ 11,059	$ 3,061

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Code Departments

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Alcoholism and Substance Abuse			Agriculture		
	Alcoholism & Substance Abuse Block Grant			Agricultural Premium		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 48,600	$ 60,850	$ 12,250			
Other	400	--	(400)	$ 22,679	$ 22,819	$ 140
Less:						
Refunds				1	--	(1)
Total revenues	49,000	60,850	11,850	22,678	22,819	141
EXPENDITURES:						
Current:						
Health and social services	57,241	54,586	(2,655)			
Education				15,100	15,100	--
General government				9,190	9,072	(118)
Public protection and justice				6,045	5,967	(78)
Capital outlays	125	121	(4)	288	283	(5)
Total expenditures	57,366	54,707	(2,659)	30,623	30,422	(201)
Excess (deficiency) of revenues over (under) expenditures	(8,366)	6,143	14,509	(7,945)	(7,603)	342
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				9,859	9,723	(136)
Operating transfers-out				(46)	(46)	--
Excess (deficiency) of revenues over (under) expenditures, and other sources (uses) of financial resources	(8,366)	6,143	14,509	1,868	2,074	206
Budgetary fund balances (deficits), July 1, 1996	(6,880)	(6,880)	--	(2,974)	(2,974)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (15,246)	$ (737)	$ 14,509	$ (1,106)	$ (900)	$ 206

Mental Health & Developmental Disabilities			Financial Institutions			Nuclear Safety		
Mental Health			State Pensions			By-Product Material Safety		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 29,678	$ 29,280	$ (598)	$ 68,039	$ 59,172	$ (8,867)	$ 19,509	$ 19,509	$ --
100	72	(28)						
29,778	29,208	(570)	68,039	59,172	(8,867)	19,509	19,509	--
29,334	26,280	(3,054)						
			14,352	14,352	--			
			38,804	38,804	--			
			9,310	7,896	(1,414)	19,509	19,509	--
109	109	--	202	189	(13)			
29,443	26,389	(3,054)	62,668	61,241	(1,427)	19,509	19,509	--
335	2,819	2,484	5,371	(2,069)	(7,440)			
--	1	1						
(1,100)	(1,534)	(434)						
(765)	1,286	2,051	5,371	(2,069)	(7,440)	--	--	--
(1,344)	(1,344)	--	55,319	55,319	--			
$ (2,109)	$ (58)	$ 2,051	$ 60,690	$ 53,250	$ (7,440)	$ --	$ --	$ --

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Code Departments

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Lottery			State Police		
	State Lottery			State Police Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 662	$ 616	$ (46)
Other	$ 918,560	$ 889,161	$ (29,399)	14,960	17,839	2,879
Less:						
Refunds	50	22	(28)			
Total revenues	918,510	889,139	(29,371)	15,622	18,455	2,833
EXPENDITURES:						
Current:						
Health and social services						
Education						
General government	382,165	301,017	(81,148)			
Public protection and justice				21,006	15,478	(5,528)
Capital outlays	1,263	1,250	(13)	1,094	1,094	--
Total expenditures	383,428	302,267	(81,161)	22,100	16,572	(5,528)
Excess (deficiency) of revenues over (under) expenditures	535,082	586,872	51,790	(6,478)	1,883	8,361
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	--	11	11			
Operating transfers-out	(595,035)	(590,190)	4,845	(10)	(10)	--
Excess (deficiency) of revenues over (under) expenditures, and other sources (uses) of financial resources	(59,953)	(3,307)	56,646	(6,488)	1,873	8,361
Budgetary fund balances (deficits), July 1, 1996	(14,196)	(14,196)	--	2,207	2,207	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (74,149)	$ (17,503)	$ 56,646	$ (4,281)	$ 4,080	$ 8,361

Total		
Final Budget	Actual	Variance Over (Under)
$ 49,262	$ 61,466	$ 12,204
1,074,025	1,037,780	(36,245)
151	94	(57)
1,123,136	1,099,152	(23,984)
86,575	80,866	(5,709)
29,452	29,452	-- --
430,159	348,893	(81,266)
55,870	48,850	(7,020)
3,061	3,046	(35)
605,137	511,107	(94,030)
517,999	588,045	70,046
9,659	9,735	(124)
(596,191)	(591,780)	4,411
(68,333)	6,000	74,333
32,132	32,132	-- --
$ (36,201)	$ 38,132	$ 74,333

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Agencies, Boards and Commissions

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Environmental Protection Agency			State Board of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes						
Public utility taxes						
Federal government	$ 74,700	$ 70,799	$ (3,901)	$ 120,000	$ 100,450	$ (19,550)
Other	30,501	69,279	38,778	16,515	16,767	252
Less:						
Refunds						
Total revenues	105,201	140,078	34,877	136,515	117,217	(19,298)
EXPENDITURES:						
Current:						
Education				136,476	107,965	(28,511)
General government	1,918	1,724	(194)			
Public protection and justice						
Natural resources and recreation	351,583	133,800	(217,783)			
Capital outlays	214	206	(8)	39	33	(6)
Total expenditures	353,715	135,730	(217,985)	136,515	107,998	(28,517)
Excess (deficiency) of revenues over (under) expenditures	(246,514)	4,348	252,862	-- --	9,219	9,219
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	25,000	25,000	-- --			
Operating transfers-out	(10)	(10)	-- --	(2)	(2)	-- --
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(223,524)	29,338	252,862	(2)	9,217	9,219
Budgetary fund balances (deficits), July 1, 1996	73,795	73,795	-- --	(19,212)	(19,212)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (149,729)	$ 103,133	$ 252,862	$ (19,214)	$ (9,995)	$ 9,219

Other Agencies, Boards, and Commissions			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 63,488	$ 59,901	$ (3,587)	$ 63,488	$ 59,901	$ (3,587)
14,837	16,154	1,317	14,837	16,154	1,317
200	226	26	194,900	171,475	(23,425)
38,603	42,726	4,123	85,619	128,772	43,153
133	78	(55)	133	78	(55)
116,995	118,929	1,934	358,711	376,224	17,513
			136,476	107,965	(28,511)
69,716	59,865	(9,851)	71,634	61,589	(10,045)
33,173	31,260	(1,913)	33,173	31,260	(1,913)
53,196	45,436	(7,760)	404,779	179,236	(225,543)
1,267	1,243	(24)	1,520	1,482	(38)
157,352	137,804	(19,548)	647,582	381,532	(266,050)
(40,357)	(18,875)	21,482	(288,871)	(5,308)	283,563
32,109	31,159	(950)	57,109	56,159	(950)
(9,462)	(9,468)	(6)	(9,474)	(9,480)	(6)
(17,710)	2,816	20,526	(241,236)	41,371	282,607
37,701	37,701	-- --	92,284	92,284	-- --
$ 19,991	$ 40,517	$ 20,526	$ (148,952)	$ 133,655	$ 282,607

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Environmental Protection Agency

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Water Pollution Control Revolving			Vehicle Inspection		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 74,700	$ 70,799	$ (3,901)			
Other	30,500	69,109	38,609	$ 1	$ 170	$ 169
Total revenues	105,200	139,908	34,708	1	170	169
EXPENDITURES:						
Current:						
General government				1,918	1,724	(194)
Natural resources and recreation	280,750	114,054	(166,696)	70,833	19,746	(51,087)
Capital outlays	96	96	-- --	118	110	(8)
Total expenditures	280,846	114,150	(166,696)	72,869	21,580	(51,289)
Excess (deficiency) of revenues over (under) expenditures	(175,646)	25,758	201,404	(72,868)	(21,410)	51,458
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				25,000	25,000	-- --
Operating transfers-out				(10)	(10)	-- --
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(175,646)	25,758	201,404	(47,878)	3,580	51,458
Budgetary fund balances, July 1, 1996	67,739	67,739	-- --	6,056	6,056	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (107,907)	$ 93,497	$ 201,404	$ (41,822)	$ 9,636	$ 51,458

	Total	
Final Budget	Actual	Variance Over (Under)
$ 74,700	$ 70,799	$ (3,901)
30,501	69,279	38,778
105,201	140,078	34,877
1,918	1,724	(194)
351,583	133,800	(217,783)
214	206	(8)
353,715	135,730	(217,985)
(248,514)	4,348	252,862
25,000	25,000	-- --
(10)	(10)	-- --
(223,524)	29,338	252,862
73,795	73,795	-- --
$ (149,729)	$ 103,133	$ 252,862

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - State Board of Education

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Drivers Education			Special Education Medicaid Matching		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 120,000	$ 100,450	$ (19,550)
Other	$ 16,515	$ 16,767	$ 252			
Total revenues	16,515	16,767	252	120,000	100,450	(19,550)
EXPENDITURES:						
Current:						
Education	16,476	16,438	(38)	120,000	91,527	(28,473)
Capital outlays	39	33	(6)			
Total expenditures	16,515	16,471	(44)	120,000	91,527	(28,473)
Excess of revenues over expenditures	-- --	296	296	-- --	8,923	8,923
OTHER (USES) OF FINANCIAL RESOURCES						
Operating transfers-out	(1)	(1)	-- --	(1)	(1)	-- --
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(1)	295	296	(1)	8,922	8,923
Budgetary fund (deficits), July 1, 1996	(635)	(635)	-- --	(18,577)	(18,577)	-- --
BUDGETARY FUND (DEFICITS), JUNE 30, 1997	$ (636)	$ (340)	$ 296	$ (18,578)	$ (9,655)	$ 8,923

Total		
Final Budget	Actual	Variance Over (Under)
$ 120,000	$ 100,450	$ (19,550)
16,515	16,767	252
136,515	117,217	(19,298)
136,476	107,965	(28,511)
39	33	(6)
136,515	107,998	(28,517)
-- --	9,219	9,219
(2)	(2)	-- --
(2)	9,217	9,219
(19,212)	(19,212)	-- --
$ (19,214)	$ (9,995)	$ 9,219

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Agencies, Boards and Commissions

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Commerce Commission			State Fire Marshal		
	Public Utility Fund			Underground Storage Tank		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				$ 63,488	$ 59,901	$ (3,587)
Public utility taxes	$ 14,837	$ 16,154	$ 1,317			
Federal government	200	226	26			
Other	318	347	29	512	476	(36)
Less:						
Refunds	1	-- --	(1)	122	68	(54)
Total revenues	15,354	16,727	1,373	63,878	60,309	(3,569)
EXPENDITURES:						
Current:						
General government				563	554	(9)
Public protection and justice	15,021	14,561	(460)	2,060	1,826	(234)
Natural resources and recreation	782	747	(35)	52,414	44,689	(7,725)
Capital outlays	289	288	(1)	287	267	(20)
Total expenditures	16,092	15,596	(496)	55,324	47,336	(7,988)
Excess (deficiency) of revenues over (under) expenditures	(738)	1,131	1,869	8,554	12,973	4,419
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(1)	(1)	-- --	(9,417)	(9,423)	(6)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(739)	1,130	1,869	(863)	3,550	4,413
Budgetary fund balances, July 1, 1996	1,761	1,761	-- --	4,854	4,854	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 1,022	$ 2,891	$ 1,869	$ 3,991	$ 8,404	$ 4,413

Housing Development Authority			Commissioner of Banks & Trust Companies			Metropolitan Pier and Exposition Authority		
Illinois Affordable Housing			Bank and Trust Company			Metropolitan Fair and Exposition Authority Improvement Bond		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 21,201	$ 27,426	$ 6,225	$ 16,572	$ 14,477	$ (2,095)			
			10	10	-- --			
21,201	27,426	6,225	16,562	14,467	(2,095)			
36,619	28,046	(8,573)	384	106	(278)	$ 32,150	$ 31,159	$ (991)
			16,092	14,873	(1,219)			
			691	688	(3)			
36,619	28,046	(8,573)	17,167	15,667	(1,500)	32,150	31,159	(991)
(15,418)	(620)	14,798	(605)	(1,200)	(595)	(32,150)	(31,159)	991
						32,109	31,159	(950)
			(44)	(44)	-- --			
(15,418)	(620)	14,798	(649)	(1,244)	(595)	(41)	-- --	41
25,345	25,345	-- --	5,741	5,741	-- --			
$ 9,927	$ 24,725	$ 14,798	$ 5,092	$ 4,497	$ (595)	$ (41)	$ -- --	$ 41

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Other Agencies, Boards and Commissions

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Motor fuel taxes	$ 63,488	$ 59,901	$ (3,587)
Public utility taxes	14,837	16,154	1,317
Federal government	200	226	26
Other	38,603	42,726	4,123
Less:			
Refunds	133	78	(55)
Total revenues	116,995	118,929	1,934
EXPENDITURES:			
Current:			
General government	69,716	59,865	(9,851)
Public protection and justice	33,173	31,260	(1,913)
Natural resources and recreation	53,196	45,436	(7,760)
Capital outlays	1,267	1,243	(24)
Total expenditures	157,352	137,804	(19,548)
Excess (deficiency) of revenues over (under) expenditures	(40,357)	(18,875)	21,482
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	32,109	31,159	(950)
Operating transfers-out	(9,462)	(9,468)	(6)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(17,710)	2,816	20,526
Budgetary fund balances, July 1, 1996	37,701	37,701	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 19,991	$ 40,517	$ 20,526

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Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Bond Financed Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Commerce and Community Affairs			Transportation		
	Build Illinois Bond					
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	$ 6,377	$ 241	$ (6,136)			
General government	8,605	5,080	(3,525)			
Transportation	8,587	164	(8,423)	$ 329,959	$ 122,041	$ (207,918)
Natural resources and recreation	170,705	36,764	(133,941)			
Capital outlays	16,745	11,912	(4,833)			
Total expenditures	211,019	54,161	(156,858)	329,959	122,041	(207,918)
(Deficiency) of revenues (under) expenditures	(211,019)	(54,161)	156,858	(329,959)	(122,041)	207,918
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	50,000	59,447	9,447	112,325	94,179	(18,146)
Operating transfers-in						
Operating transfers-out						
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(161,019)	5,286	166,305	(217,634)	(27,862)	189,772
Budgetary fund balances, July 1, 1996	44,490	44,490	-- --	64,757	64,757	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (116,529)	$ 49,776	$ 166,305	$ (152,877)	$ 36,895	$ 189,772

Capital Development Board			Environmental Protection Agency Anti-Pollution			Other		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 109,935	$ 31,023	$ (78,912)						
77,819	18,142	(59,677)				$ 15,507	$ 5,479	$ (10,028)
1,765	189	(1,576)						
55,918	8,367	(47,551)	$ 57,265	$ 19,717	$ (37,548)			
904,710	215,702	(689,008)						
1,150,147	273,423	(876,724)	57,265	19,717	(37,548)	15,507	5,479	(10,028)
(1,150,147)	(273,423)	876,724	(57,265)	(19,717)	37,548	(15,507)	(5,479)	10,028
312,375	250,368	(62,007)	18,000	--	(18,000)	7,300	2,479	(4,821)
--	5,000	5,000	--	20,000	20,000			
--	(25,000)	(25,000)						
(837,772)	(43,055)	794,717	(39,265)	283	39,548	(8,207)	(3,000)	5,207
77,334	77,334	--	4,251	4,251	--	6,050	6,050	--
$ (760,438)	$ 34,279	$ 794,717	$ (35,014)	$ 4,534	$ 39,548	$ (2,157)	$ 3,050	$ 5,207

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Bond Financed Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:			
Current:			
Education	$ 116,312	$ 31,264	$ (85,048)
General government	101,931	28,701	(73,230)
Transportation	340,311	122,394	(217,917)
Natural resources and recreation	283,888	64,848	(219,040)
Capital outlays	921,455	227,614	(693,841)
Total expenditures	1,763,897	474,821	(1,289,076)
(Deficiency) of revenues (under) expenditures	(1,763,897)	(474,821)	1,289,076
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Proceeds from general obligation bond issues	500,000	406,473	(93,527)
Operating transfers-in	-- --	25,000	25,000
Operating transfers-out	-- --	(25,000)	(25,000)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,263,897)	(68,348)	1,195,549
Budgetary fund balances, July 1, 1996	196,882	196,882	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (1,067,015)	$ 128,534	$ 1,195,549

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Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Bond Financed Funds - Department of Transportation

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Transportation Bond Series "A"			Transportation Bond Series "B"		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	$ 61,541	$ 46,798	$ (14,743)	$ 268,418	$ 75,243	$ (193,175)
Total expenditures	61,541	46,798	(14,743)	268,418	75,243	(193,175)
(Deficiency) of revenues (under) expenditures	(61,541)	(46,798)	14,743	(268,418)	(75,243)	193,175
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	17,325	--	(17,325)	95,000	94,179	(821)
Excess (deficiency) of revenues over (under) expenditures and other sources of financial resources	(44,216)	(46,798)	(2,582)	(173,418)	18,936	192,354
Budgetary fund balances, July 1, 1996	46,798	46,798	--	17,959	17,959	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 2,582	$ --	$ (2,582)	$ (155,459)	$ 36,895	$ 192,354

	Total	
Final Budget	Actual	Variance Over (Under)
$ 329,959	$ 122,041	$ (207,918)
329,959	122,041	(207,918)
(329,959)	(122,041)	207,918
112,325	94,179	(18,146)
(217,634)	(27,862)	189,772
64,757	64,757	-- --
$ (152,877)	$ 36,895	$ 189,772

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Bond Financed Funds - Capital Development Board

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Capital Development Bond			School Construction Bond		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	$ 96,732	$ 17,820	$ (78,912)	$ 13,203	$ 13,203	$ --
General government	77,819	18,142	(59,677)			
Transportation	1,765	189	(1,576)			
Natural resources and recreation	55,918	8,367	(47,551)			
Capital outlays	900,162	212,052	(688,110)	4,548	3,650	(898)
Total expenditures	1,132,396	256,570	(875,826)	17,751	16,853	(898)
(Deficiency) of revenues (under) expenditures	(1,132,396)	(256,570)	875,826	(17,751)	(16,853)	898
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	308,875	238,671	(70,204)	3,500	11,697	8,197
Operating transfers-in				--	5,000	5,000
Operating transfers-out	--	(25,000)	(25,000)			
(Deficiency) of revenues (under) expenditures and other sources (uses) of resources	(823,521)	(42,899)	780,622	(14,251)	(156)	14,095
Budgetary fund balances, July 1, 1996	76,320	76,320	--	1,014	1,014	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (747,201)	$ 33,421	$ 780,622	$ (13,237)	$ 858	$ 14,095

	Total	
Final Budget	Actual	Variance Over (Under)
$ 109,935	$ 31,023	$ (78,912)
77,819	18,142	(59,677)
1,765	189	(1,576)
55,918	8,367	(47,551)
904,710	215,702	(689,008)
1,150,147	273,423	(876,724)
(1,150,147)	(273,423)	876,724
312,375	250,368	(62,007)
--	5,000	5,000
--	(25,000)	(25,000)
(837,772)	(43,055)	794,717
77,334	77,334	--
$ (760,438)	$ 34,279	$ 794,717

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Debt Service Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Build Illinois Bond, Retirement and Interest			General Obligations Bond, Retirement and Interest		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 300	$ 354	$ 54
Other	$ 50	$ 217	$ 167	16,152	18,483	2,331
Total revenues	50	217	167	16,452	18,837	2,385
EXPENDITURES:						
Debt service:						
Principal	202,694	201,342	(1,352)	504,066	503,866	(200)
Interest				258,575	255,578	(2,997)
Total expenditures	202,694	201,342	(1,352)	762,641	759,444	(3,197)
Excess (deficiency) of revenues over (under) expenditures	(202,644)	(201,125)	1,519	(746,189)	(740,607)	5,582
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues				84,800	84,803	3
Operating transfers-in	202,600	201,247	(1,353)	678,001	701,142	23,141
Operating transfers-out				(3,500)	-- --	3,500
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(44)	122	166	13,112	45,338	32,226
Budgetary fund balances, July 1, 1996	1,315	1,315	-- --	365,678	365,678	-- --
BUDGETARY FUND BALANCES, JUNE 30, 1997	$ 1,271	$ 1,437	$ 166	$ 378,790	$ 411,016	$ 32,226

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 300	$ 354	$ 54
$ -- --	$ 297	$ 297	16,202	18,997	2,795
-- --	297	297	16,502	19,351	2,849
14,937	13,690	(1,247)	721,697	718,898	(2,799)
			258,575	255,578	(2,997)
14,937	13,690	(1,247)	980,272	974,476	(5,796)
(14,937)	(13,393)	1,544	(963,770)	(955,125)	8,645
			84,800	84,803	3
14,596	14,596	-- --	895,197	916,985	21,788
			(3,500)	-- --	3,500
(341)	1,203	1,544	12,727	46,663	33,936
9,297	9,297	-- --	376,290	376,290	-- --
$ 8,956	$ 10,500	$ 1,544	$ 389,017	$ 422,953	$ 33,936

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES						
Federal government	$ 1,096,239	$ 994,858	$ (101,381)	$ 1,000,174	$ 949,931	$ (50,243)
Other	79,026	135,950	56,924	14	292	278
Less:						
Refunds	2,183	477	(1,706)			
Total revenues	1,173,082	1,130,331	(42,751)	1,000,188	950,223	(49,965)
EXPENDITURES						
Current:						
Health and social services	608,029	506,168	(101,861)			
Education				1,010,775	853,570	(157,205)
General government	546,770	250,733	(296,037)			
Transportation	571,086	166,393	(404,693)			
Social assistance	328,533	176,572	(151,961)			
Public protection and justice				193,110	59,678	(133,432)
Natural resources and recreation				52,370	24,460	(27,910)
Capital outlays	13,279	7,996	(5,283)	2,203	1,367	(836)
Total expenditures	2,067,697	1,107,862	(959,835)	1,258,458	939,075	(319,383)
Excess (deficiency) of revenues over (under) expenditures	(894,615)	22,469	917,084	(258,270)	11,148	269,418
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Operating transfers-in	36,321	36,321	-- --			
Operating transfers-out	-- --	(1,012)	(1,012)			
Budgetary funds-nonbudgeted accounts	(29,927)	(29,927)	-- --	(188)	(188)	-- --
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(888,221)	27,851	916,072	(258,458)	10,960	269,418
Budgetary fund balances (deficits), July 1, 1996, as previously reported	(57,647)	(57,647)	-- --	(102,386)	(102,386)	-- --
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 1996, as reclassified	(57,647)	(57,647)	-- --	(102,386)	(102,386)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (945,868)	$ (29,796)	$ 916,072	$ (360,844)	$ (91,426)	$ 269,418

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 203,538	$ 135,095	$ (68,443)	$ 2,299,951	$ 2,079,884	$ (220,067)
14,459	23,878	9,419	93,499	160,120	66,621
610	-- --	(610)	2,793	477	(2,316)
217,387	158,973	(58,414)	2,390,657	2,239,527	(151,130)
64,840	40,119	(24,721)	672,869	546,287	(126,582)
38,005	17,994	(20,011)	1,048,780	871,564	(177,216)
66,168	36,017	(30,151)	612,938	286,750	(326,188)
			571,086	166,393	(404,693)
39,614	7,931	(31,683)	368,147	184,503	(183,644)
39,661	28,810	(10,851)	232,771	88,488	(144,283)
26,476	8,084	(18,392)	78,846	32,544	(46,302)
4,999	4,753	(246)	20,481	14,116	(6,365)
279,763	143,708	(136,055)	3,605,918	2,190,645	(1,415,273)
(62,376)	15,265	77,641	(1,215,261)	48,882	1,264,143
8,495	9,251	756	44,816	45,572	756
(8,495)	(8,238)	257	(8,495)	(9,250)	(755)
(3,473)	(3,473)	-- --	(33,588)	(33,588)	-- --
(65,849)	12,805	78,654	(1,212,528)	51,616	1,264,144
25,784	25,784	-- --	(134,249)	(134,249)	-- --
215	215	-- --	215	215	-- --
25,999	25,999	-- --	(134,034)	(134,034)	-- --
$ (39,850)	$ 38,804	$ 78,654	$ (1,346,562)	$ (82,418)	$ 1,264,144

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust - Code Departments

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Children and Family Services			Commerce and Community Affairs		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES						
Federal government	$ 40,982	$ 39,566	$ (1,416)	$ 347,137	$ 269,108	$ (78,029)
Other				--	345	345
Less:						
Refunds				1,720	325	(1,395)
Total revenues	40,982	39,566	(1,416)	345,417	269,128	(76,289)
EXPENDITURES						
Current:						
Health and social services	43,263	37,019	(6,244)			
General government				546,770	250,733	(296,037)
Transportation						
Social assistance						
Capital outlays	81	75	(6)	371	321	(50)
Total expenditures	43,344	37,094	(6,250)	547,141	251,054	(296,087)
Excess (deficiency) of revenues over (under) expenditures	(2,362)	2,472	4,834	(201,724)	18,074	219,798
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Operating transfers-in						
Operating transfers-out				--	(1,012)	(1,012)
Budgetary funds-nonbudgeted accounts	(602)	(602)	--			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(2,964)	1,870	4,834	(201,724)	17,062	218,786
Budgetary fund balances (deficits), July 1, 1996	(2,333)	(2,333)	--	(35,976)	(35,976)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (5,297)	$ (463)	$ 4,834	$ (237,700)	$ (18,914)	$ 218,786

	Public Health			Rehabilitation Services			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
	$ 213,017	$ 219,513	$ 6,496	$ 136,972	$ 151,830	$ 14,858	$ 119,934	$ 98,570	$ (21,364)
	55,464	52,928	(2,536)	1,346	1,033	(313)	15,197	68,926	53,729
	158	146	(12)	5	1	(4)			
	268,323	272,295	3,972	138,313	152,862	14,549	135,131	167,496	32,365
	325,439	270,625	(54,814)	181,281	147,516	(33,765)			
							571,086	166,393	(404,693)
	2,918	1,880	(1,038)	4,161	1,222	(2,939)			
	328,357	272,505	(55,852)	185,442	148,738	(36,704)	571,086	166,393	(404,693)
	(60,034)	(210)	59,824	(47,129)	4,124	51,253	(435,955)	1,103	437,058
				(584)	(584)	-- --			
	(60,034)	(210)	59,824	(47,713)	3,540	51,253	(435,955)	1,103	437,058
	(27,320)	(27,320)	-- --	1,446	1,446	-- --	2,246	2,246	-- --
	$ (87,354)	$ (27,530)	$ 59,824	$ (46,267)	$ 4,986	$ 51,253	$ (433,709)	$ 3,349	$ 437,058

(continued)

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust - Code Departments

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Other Code Departments			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 238,197	$ 216,271	$ (21,926)	$ 1,096,239	$ 994,858	$ (101,381)
Other	7,019	12,718	5,699	79,026	135,950	56,924
Less:						
Refunds	300	5	(295)	2,183	477	(1,706)
Total revenues	244,916	228,984	(15,932)	1,173,082	1,130,331	(42,751)
EXPENDITURES:						
Current:						
Health and social services	58,046	51,008	(7,038)	608,029	506,168	(101,861)
General government				546,770	250,733	(296,037)
Transportation				571,086	166,393	(404,693)
Social assistance	328,533	176,572	(151,961)	328,533	176,572	(151,961)
Capital outlays	5,748	4,498	(1,250)	13,279	7,996	(5,283)
Total expenditures	392,327	232,078	(160,249)	2,067,697	1,107,862	(959,835)
Excess (deficiency) of revenues over (under) expenditures	(147,411)	(3,094)	144,317	(894,615)	22,469	917,084
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	36,321	36,321	-- --	36,321	36,321	-- --
Operating transfers-out				-- --	(1,012)	(1,012)
Budgetary funds-nonbudgeted accounts	(28,741)	(28,741)	-- --	(29,927)	(29,927)	-- --
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(139,831)	4,486	144,317	(888,221)	27,851	916,072
Budgetary fund balances (deficits), July 1, 1996	4,290	4,290	-- --	(57,647)	(57,647)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (135,541)	$ 8,776	$ 144,317	$ (945,868)	$ (29,796)	$ 916,072

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Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust - Department of Children and Family Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Federal Projects			Local Effort Day Care		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES						
Federal government	$ 19,782	$ 18,366	$ (1,416)	$ 21,200	$ 21,200	$ --
Total revenues	19,782	18,366	(1,416)	21,200	21,200	--
EXPENDITURES						
Current:						
Health and social services	22,063	15,880	(6,183)	21,200	21,139	(61)
Capital outlays	81	75	(6)			
Total expenditures	22,144	15,955	(6,189)	21,200	21,139	(61)
Excess (deficiency) of revenues over (under) expenditures	(2,362)	2,411	4,773	--	61	61
Budgetary funds-nonbudgeted accounts	(602)	(602)	--			
Excess (deficiency) of revenues over (under) expenditures, and budgetary funds-nonbudgeted accounts	(2,964)	1,809	4,773	--	61	61
Budgetary fund (deficits), July 1, 1996	(2,272)	(2,272)	--	(61)	(61)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (5,236)	$ (463)	$ 4,773	$ (61)	$ --	$ 61

Total		
Final Budget	Actual	Variance Over (Under)
$ 40,982	$ 39,566	$ (1,416)
40,982	39,566	(1,416)
43,263	37,019	(6,244)
81	75	(6)
43,344	37,094	(6,250)
(2,362)	2,472	4,834
(602)	(602)	-- --
(2,964)	1,870	4,834
(2,333)	(2,333)	-- --
$ (5,297)	$ (463)	$ 4,834

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust - Department of Commerce and Community Affairs

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Low Income Home Energy Assistance Block Grant			Community Services Block Grant		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 71,900	$ 74,690	$ 2,790	$ 25,623	$ 18,793	$ (6,830)
Other						
Less:						
Refunds	600	104	(496)	170	15	(155)
Total revenues	71,300	74,586	3,286	25,453	18,778	(6,675)
EXPENDITURES:						
General government	121,863	72,824	(49,039)	25,585	18,556	(7,029)
Capital outlays	20	7	(13)	5	4	(1)
Total expenditures	121,883	72,831	(49,052)	25,590	18,560	(7,030)
Excess (deficiency) of revenues over (under) expenditures	(50,583)	1,755	52,338	(137)	218	355
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	-- --	(797)	(797)	-- --	(9)	(9)
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(50,583)	958	51,541	(137)	209	346
Budgetary fund (deficits), July 1, 1996	(2,410)	(2,410)	-- --	(1,272)	(1,272)	-- --
BUDGETARY FUND (DEFICITS), JUNE 30, 1997	$ (52,993)	$ (1,452)	$ 51,541	$ (1,409)	$ (1,063)	$ 346

Community Development/ Small Cities Block Grant			Job Training Partnership			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 63,275	$ 59,562	$ (3,713)	$ 186,339	$ 116,063	$ (70,276)	$ 347,137	$ 269,108	$ (78,029)
--	202	202	--	143	143	--	345	345
300	13	(287)	650	193	(457)	1,720	325	(1,395)
62,975	59,751	(3,224)	185,689	116,013	(69,676)	345,417	269,128	(76,289)
163,073	53,696	(109,377)	236,249	105,657	(130,592)	546,770	250,733	(296,037)
15	7	(8)	331	303	(28)	371	321	(50)
163,088	53,703	(109,385)	236,580	105,960	(130,620)	547,141	251,054	(296,087)
(100,113)	6,048	106,161	(50,891)	10,053	60,944	(201,724)	18,074	219,798
--	(28)	(28)	--	(178)	(178)	--	(1,012)	(1,012)
(100,113)	6,020	106,133	(50,891)	9,875	60,766	(201,724)	17,062	218,786
(10,501)	(10,501)	--	(21,793)	(21,793)	--	(35,976)	(35,976)	--
$ (110,614)	$ (4,481)	$ 106,133	$ (72,684)	$ (11,918)	$ 60,766	$ (237,700)	$ (18,914)	$ 218,786

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust - Department of Public Health

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Public Health Services			U.S.D.A. Women and Infant Care		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 45,618	$ 57,279	$ 11,661	$ 140,325	$ 133,509	$ (6,816)
Other	8,689	189	(8,500)	46,775	52,739	5,964
Less:						
Refunds	50	48	(2)	98	98	-- --
Total revenues	54,257	57,420	3,163	187,002	186,150	(852)
EXPENDITURES:						
Current:						
Health and social services	81,040	54,821	(26,219)	216,007	191,726	(24,281)
Capital outlays	2,411	1,384	(1,027)	302	291	(11)
Total expenditures	83,451	56,205	(27,246)	216,309	192,017	(24,292)
Excess (deficiency) of revenues over (under) expenditures	(29,194)	1,215	30,409	(29,307)	(5,867)	23,440
Budgetary fund (deficits), July 1, 1996	(10,772)	(10,772)	-- --	(12,089)	(12,089)	-- --
BUDGETARY FUND (DEFICITS), JUNE 30, 1997	$ (39,966)	$ (9,557)	$ 30,409	$ (41,396)	$ (17,956)	$ 23,440

Maternal & Child Health Services Block Grant			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 27,074	$ 28,725	$ 1,651	$ 213,017	$ 219,513	$ 6,496
			55,464	52,928	(2,536)
10	-- --	(10)	158	146	(12)
27,064	28,725	1,661	268,323	272,295	3,972
28,392	24,078	(4,314)	325,439	270,625	(54,814)
205	205	-- --	2,918	1,880	(1,038)
28,597	24,283	(4,314)	328,357	272,505	(55,852)
(1,533)	4,442	5,975	(60,034)	(210)	59,824
(4,459)	(4,459)	-- --	(27,320)	(27,320)	-- --
$ (5,992)	$ (17)	$ 5,975	$ (87,354)	$ (27,530)	$ 59,824

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust - Department of Rehabilitation Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Vocational Rehabilitation			Old Age Survivors Insurance		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 82,602	$ 95,699	$ 13,097	$ 54,370	$ 56,131	$ 1,761
Other	1,343	1,031	(312)	3	2	(1)
Less:						
Refunds	5	1	(4)			
Total revenues	83,940	96,729	12,789	54,373	56,133	1,760
EXPENDITURES:						
Current:						
Health and social services	116,072	90,776	(25,296)	65,209	56,740	(8,469)
Capital outlays	1,520	988	(532)	2,641	234	(2,407)
Total expenditures	117,592	91,764	(25,828)	67,850	56,974	(10,876)
Excess (deficiency) of revenues over (under) expenditures	(33,652)	4,965	38,617	(13,477)	(841)	12,636
Budgetary funds-nonbudgeted accounts	(584)	(584)	-- --			
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	(34,236)	4,381	38,617	(13,477)	(841)	12,636
Budgetary fund balances (deficits), July 1, 1996	4,217	4,217	-- --	(2,771)	(2,771)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (30,019)	$ 8,598	$ 38,617	$ (16,248)	$ (3,612)	$ 12,636

	Total		
Final Budget	Actual	Variance Over (Under)	
$ 136,972	$ 151,830	$ 14,858	
1,346	1,033	(313)	
5	1	(4)	
138,313	152,862	14,549	
181,281	147,516	(33,765)	
4,161	1,222	(2,939)	
185,442	148,738	(36,704)	
(47,129)	4,124	51,253	
(584)	(584)	-- --	
(47,713)	3,540	51,253	
1,446	1,446	-- --	
$ (46,267)	$ 4,986	$ 51,253	

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust - Department of Transportation

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Federal/Local Airport			Federal Mass Transit		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 115,257	$ 80,513	$ (34,744)	$ 4,677	$ 18,057	$ 13,380
Other	15,197	68,913	53,716	-- --	13	13
Total revenues	130,454	149,426	18,972	4,677	18,070	13,393
EXPENDITURES:						
Current:						
Transportation	437,763	148,404	(289,359)	133,323	17,989	(115,334)
Total expenditures	437,763	148,404	(289,359)	133,323	17,989	(115,334)
Excess (deficiency) of revenues over (under) expenditures	(307,309)	1,022	308,331	(128,646)	81	128,727
Budgetary fund balances, July 1, 1996	2,245	2,245	-- --	1	1	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (305,064)	$ 3,267	$ 308,331	$ (128,645)	$ 82	$ 128,727

	Total	
Final Budget	Actual	Variance Over (Under)
$ 119,934	$ 98,570	$ (21,364)
15,197	68,926	53,729
135,131	167,496	32,365
571,086	166,393	(404,693)
571,086	166,393	(404,693)
(435,955)	1,103	437,058
2,246	2,246	-- --
$ (433,709)	$ 3,349	$ 437,058

Combining Schedule of Revenues, Expenditures, Other Sources of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust - Other Code Departments

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Employment Security			Public Aid		
	Title III Social Security & Employment Service			Special Purposes Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 166,779	$ 146,298	$ (20,481)	$ 23,638	$ 23,638	$ --
Other	7,000	12,698	5,698	19	19	--
Less:						
Refunds	300	5	(295)			
Total revenues	173,479	158,991	(14,488)	23,657	23,657	--
EXPENDITURES:						
Current:						
Health and social services				7,266	5,274	(1,992)
Social assistance	176,024	150,208	(25,816)	152,509	26,364	(126,145)
Capital outlays	5,484	4,235	(1,249)	240	239	(1)
Total expenditures	181,508	154,443	(27,065)	160,015	31,877	(128,138)
Excess (deficiency) of revenues over (under) expenditures	(8,029)	4,548	12,577	(136,358)	(8,220)	128,138
OTHER SOURCES OF FINANCIAL RESOURCES:						
Operating transfers-in				36,321	36,321	--
Budgetary funds-nonbudgeted accounts				(28,725)	(28,725)	--
Excess (deficiency) of revenues over (under) expenditures, other sources of financial resources and budgetary funds-non budgeted accounts	(8,029)	4,548	12,577	(128,762)	(624)	128,138
Budgetary fund balances (deficits), July 1, 1996	13,437	13,437	--	2,025	2,025	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 5,408	$ 17,985	$ 12,577	$ (126,737)	$ 1,401	$ 128,138

Aging Services for Older Americans			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 47,780	$ 46,335	$ (1,445)	$ 238,197	$ 216,271	$ (21,926)
-- --	1	1	7,019	12,718	5,699
			300	5	(295)
47,780	46,336	(1,444)	244,916	228,984	(15,932)
50,780	45,734	(5,046)	58,046	51,008	(7,038)
			328,533	176,572	(151,961)
24	24	-- --	5,748	4,498	(1,250)
50,804	45,758	(5,046)	392,327	232,078	(160,249)
(3,024)	578	3,602	(147,411)	(3,094)	144,317
			36,321	36,321	-- --
(16)	(16)	-- --	(28,741)	(28,741)	-- --
(3,040)	562	3,602	(139,831)	4,486	144,317
(11,172)	(11,172)	-- --	4,290	4,290	-- --
$ (14,212)	$ (10,610)	$ 3,602	$ (135,541)	$ 8,776	$ 144,317

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust - Agencies, Boards and Commissions

For the Year Ended June 30, 1997 (Expressed in Thousands)

	State Board of Education			Environmental Protection Agency U. S. Environmental Protection		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 876,534	$ 862,004	$ (14,530)	$ 46,000	$ 26,684	$ (19,316)
Other	-- --	58	58	14	234	220
Total revenues	876,534	862,062	(14,472)	46,014	26,918	(19,096)
EXPENDITURES:						
Current:						
Education	1,010,775	853,570	(157,205)			
Public protection and justice						
Natural resources and recreation				52,370	24,460	(27,910)
Capital outlays	720	538	(182)	1,247	593	(654)
Total expenditures	1,011,495	854,108	(157,387)	53,617	25,053	(28,564)
Excess (deficiency) of revenues over (under) expenditures	(134,961)	7,954	142,915	(7,603)	1,865	9,468
Budgetary funds-nonbudgeted accounts	(188)	(188)	-- --			
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	(135,149)	7,766	142,915	(7,603)	1,865	9,468
Budgetary fund (deficits), July 1, 1996	(91,642)	(91,642)	-- --	(2,379)	(2,379)	-- --
BUDGETARY FUND (DEFICITS), JUNE 30, 1997	$ (226,791)	$ (83,876)	$ 142,915	$ (9,982)	$ (514)	$ 9,468

Criminal Justice Information Authority			Emergency Management Agency			Total		
Criminal Justice Trust			Federal Aid Disaster					
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 37,640	$ 22,992	$ (14,648)	$ 40,000	$ 38,251	$ (1,749)	$ 1,000,174	$ 949,931	$ (50,243)
						14	292	278
37,640	22,992	(14,648)	40,000	38,251	(1,749)	1,000,188	950,223	(49,965)
						1,010,775	853,570	(157,205)
57,463	23,265	(34,198)	135,647	36,413	(99,234)	193,110	59,678	(133,432)
						52,370	24,460	(27,910)
178	178	-- --	58	58	-- --	2,203	1,367	(836)
57,641	23,443	(34,198)	135,705	36,471	(99,234)	1,258,458	939,075	(319,383)
(20,001)	(451)	19,550	(95,705)	1,780	97,485	(258,270)	11,148	269,418
						(188)	(188)	-- --
(20,001)	(451)	19,550	(95,705)	1,780	97,485	(258,458)	10,960	269,418
(2,808)	(2,808)	-- --	(5,557)	(5,557)	-- --	(102,386)	(102,386)	-- --
$ (22,809)	$ (3,259)	$ 19,550	$ (101,262)	$ (3,777)	$ 97,485	$ (360,844)	$ (91,426)	$ 269,418

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust - State Board of Education

For the Year Ended June 30, 1997 (Expressed in Thousands)

	S.B.E. Federal Department of Agriculture			S.B.E. Federal Department of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 326,034	$ 297,880	$ (28,154)	$ 550,500	$ 564,124	$ 13,624
Other				-- --	58	58
Total revenues	326,034	297,880	(28,154)	550,500	564,182	13,682
EXPENDITURES:						
Current:						
Education	325,793	292,752	(33,041)	684,982	560,818	(124,164)
Capital outlays	246	229	(17)	474	309	(165)
Total expenditures	326,039	292,981	(33,058)	685,456	561,127	(124,329)
Excess (deficiency) of revenues over (under) expenditures	(5)	4,899	4,904	(134,956)	3,055	138,011
Budgetary funds-nonbudgeted accounts	(181)	(181)	-- --	(7)	(7)	-- --
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	(186)	4,718	4,904	(134,963)	3,048	138,011
Budgetary fund (deficits), July 1, 1996	(49,012)	(49,012)	-- --	(42,630)	(42,630)	-- --
BUDGETARY FUND (DEFICITS), JUNE 30, 1997	$ (49,198)	$ (44,294)	$ 4,904	$ (177,593)	$ (39,582)	$ 138,011

	Total	
Final Budget	Actual	Variance Over (Under)
$ 876,534	$ 862,004	$ (14,530)
-- --	58	58
876,534	862,062	(14,472)
1,010,775	853,570	(157,205)
720	538	(182)
1,011,495	854,108	(157,387)
(134,961)	7,954	142,915
(188)	(188)	-- --
(135,149)	7,766	142,915
(91,642)	(91,642)	-- --
$ (226,791)	$ (83,876)	$ 142,915

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Central Management Services			Corrections Working Capital		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	$ 190,500	$ 204,206	$ 13,706	$ 46,264	$ 44,010	$ (2,254)
Less:						
Refunds				11	7	(4)
Total revenues	190,500	204,206	13,706	46,253	44,003	(2,250)
EXPENDITURES:						
Current:						
Education						
General government	209,511	168,731	(40,780)			
Transportation						
Public protection and justice				45,945	38,651	(7,294)
Capital outlays	13,276	13,209	(67)	2,796	1,063	(1,733)
Total expenditures	222,787	181,940	(40,847)	48,741	39,714	(9,027)
Excess (deficiency) of revenues over (under) expenditures	(32,287)	22,266	54,553	(2,488)	4,289	6,777
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	--	(29)	(29)	--	(58)	(58)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(32,287)	22,237	54,524	(2,488)	4,231	6,719
Budgetary fund balances (deficits), July 1, 1996	7,752	7,752	--	(3,380)	(3,380)	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (24,535)	$ 29,989	$ 54,524	$ (5,868)	$ 851	$ 6,719

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 5,917	$ 7,462	$ 1,545	$ 242,681	$ 255,678	$ 12,997
			11	7	(4)
5,917	7,462	1,545	242,670	255,671	13,001
5,793	2,594	(3,199)	5,793	2,594	(3,199)
5,425	3,516	(1,909)	214,936	172,247	(42,689)
700	569	(131)	700	569	(131)
			45,945	38,651	(7,294)
804	360	(444)	16,876	14,632	(2,244)
12,722	7,039	(5,683)	284,250	228,693	(55,557)
(6,805)	423	7,228	(41,580)	26,978	68,558
-- --	103	103	-- --	103	103
-- --	(295)	(295)	-- --	(382)	(382)
(6,805)	231	7,036	(41,580)	26,699	68,279
2,502	2,502	-- --	6,874	6,874	-- --
$ (4,303)	$ 2,733	$ 7,036	$ (34,706)	$ 33,573	$ 68,279

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds - Department of Central Management Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	State Garage			Statistical Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	$ 30,500	$ 31,198	$ 698	$ 55,000	$ 69,811	$ 14,811
Total revenues	30,500	31,198	698	55,000	69,811	14,811
EXPENDITURES:						
Current:						
General government	32,574	29,601	(2,973)	54,145	44,500	(9,645)
Capital outlays	959	915	(44)	11,989	11,975	(14)
Total expenditures	33,533	30,516	(3,017)	66,134	56,475	(9,659)
Excess (deficiency) of revenues over (under) expenditures	(3,033)	682	3,715	(11,134)	13,336	24,470
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	--	(5)	(5)	--	(8)	(8)
Excess (deficiency) of revenues over expenditures and other (uses) of financial resources	(3,033)	677	3,710	(11,134)	13,328	24,462
Budgetary fund balances (deficits), July 1, 1996	(5,652)	(5,652)	--	8,244	8,244	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (8,685)	$ (4,975)	$ 3,710	$ (2,890)	$ 21,572	$ 24,462

Communications			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 105,000	$ 103,197	$ (1,803)	$ 190,500	$ 204,206	$ 13,706
105,000	103,197	(1,803)	190,500	204,206	13,706
122,792	94,630	(28,162)	209,511	168,731	(40,780)
328	319	(9)	13,276	13,209	(67)
123,120	94,949	(28,171)	222,787	181,940	(40,847)
(18,120)	8,248	26,368	(32,287)	22,266	54,553
--	(16)	(16)	--	(29)	(29)
(18,120)	8,232	26,352	(32,287)	22,237	54,524
5,160	5,160	--	7,752	7,752	--
$ (12,960)	$ 13,392	$ 26,352	$ (24,535)	$ 29,989	$ 54,524

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Central Management Services			Public Aid		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes						
Motor fuel taxes						
Federal government	$ 500	$ 464	$ (36)	$ 84,529	$ 84,529	$ --
Other	94,500	97,595	3,095	353,638	353,638	--
Total revenues	95,000	98,059	3,059	438,167	438,167	--
EXPENDITURES:						
Current:						
Health and social services				37	30	(7)
Education						
General government	113,069	102,231	(10,838)	561	557	(4)
Social assistance				118,171	91,491	(26,680)
Public protection and justice						
Natural resources and recreation						
Capital outlays	21	3	(18)	523	363	(160)
Total expenditures	113,090	102,234	(10,856)	119,292	92,441	(26,851)
Excess (deficiency) of revenues over (under) expenditures	(18,090)	(4,175)	13,915	318,875	345,726	26,851
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	--	(8)	(8)	(72,894)	(72,894)	--
Budgetary funds-nonbudgeted accounts				(271,878)	(271,878)	--
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(18,090)	(4,183)	13,907	(25,897)	954	26,851
Budgetary fund balances, July 1, 1996, as previously reported	1,548	1,548	--	14,074	14,074	--
Reclassifications between budgetary-nonbudgetary funds-net				43,463	43,463	--
Budgetary fund balances, July 1, 1996 as reclassified	1,548	1,548	--	57,537	57,537	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (16,542)	$ (2,635)	$ 13,907	$ 31,640	$ 58,491	$ 26,851

Revenue			Capital Development Board CDB Contributory Trust			Student Assistance Commission State Scholarship Commission Student Loan		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 306,921	$ 306,921	$ --						
23,230	23,230	--						
			$ 1,932	$ 1,932	$ --	$ 134,100	$ 108,496	$ (25,604)
1,376	1,376	--	18,691	18,691	--	66,100	79,910	13,810
331,527	331,527	--	20,623	20,623	--	200,200	188,406	(11,794)
						199,823	173,969	(25,854)
761	751	(10)						
5	5	--	83	10	(73)	377	281	(96)
766	756	(10)	83	10	(73)	200,200	174,250	(25,950)
330,761	330,771	10	20,540	20,613	73	--	14,156	14,156
			--	(3)	(3)	--	(60)	(60)
(353,241)	(353,241)	--	(20,508)	(20,508)	--			
(22,480)	(22,470)	10	32	102	70	--	14,096	14,096
26,514	26,514	--	5,569	5,569	--	29,660	29,660	--
26,514	26,514	--	5,569	5,569	--	29,660	29,660	--
$ 4,034	$ 4,044	$ 10	$ 5,601	$ 5,671	$ 70	$ 29,660	$ 43,756	$ 14,096

(continued)

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds

For the Year Ended June 30, 1997 (Expressed in Thousands)

(continued)

	Other			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes				$ 306,921	$ 306,921	$ --
Motor fuel taxes				23,230	23,230	--
Federal government	$ 46,545	$ 12,363	$ (34,182)	267,606	207,784	(59,822)
Other	14,417	10,437	(3,980)	548,722	561,647	12,925
Total revenues	60,962	22,800	(38,162)	1,146,479	1,099,582	(46,897)
EXPENDITURES:						
Current:						
Health and social services	6,962	2,473	(4,489)	6,999	2,503	(4,496)
Education	7,093	818	(6,275)	206,916	174,787	(32,129)
General government	54,038	11,620	(42,418)	168,429	115,159	(53,270)
Social assistance				118,171	91,491	(26,680)
Public protection and justice	2,911	1,020	(1,891)	2,911	1,020	(1,891)
Natural resources and recreation	7,908	4,530	(3,378)	7,908	4,530	(3,378)
Capital outlays	106	84	(22)	1,115	746	(369)
Total expenditures	79,018	20,545	(58,473)	512,449	390,236	(122,213)
Excess (deficiency) of revenues over (under) expenditures	(18,056)	2,255	20,311	634,030	709,346	75,316
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	--	(5)	(5)	(72,894)	(72,970)	(76)
Budgetary funds-nonbudgeted accounts	(2,240)	(2,240)	--	(647,867)	(647,867)	--
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(20,296)	10	20,306	(86,731)	(11,491)	75,240
Budgetary fund balances (deficits), July 1, 1996, as previously reported	4,950	4,950	--	82,315	82,315	--
Reclassifications between budgetary-nonbudgetary funds-net	(1)	(1)	--	43,462	43,462	--
Budgetary fund balances, July 1, 1996 as reclassified	4,949	4,949	--	125,777	125,777	--
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ (15,347)	$ 4,959	$ 20,306	$ 39,046	$ 114,286	$ 75,240

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Combining Schedule of Revenues, Expenditures and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds - Department of Central Management Services

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Local Government Health Insurance Reserve			Group Insurance Premium		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 500	$ 464	$ (36)
Other	$ 40,000	$ 39,221	$ (779)	54,500	58,374	3,874
Total revenues	40,000	39,221	(779)	55,000	58,838	3,838
EXPENDITURES:						
Current:						
General government	47,284	44,238	(3,046)	65,785	57,993	(7,792)
Capital outlays	18	-- --	(18)	3	3	-- --
Total expenditures	47,302	44,238	(3,064)	65,788	57,996	(7,792)
Excess (deficiency) of revenues over (under) expenditures	(7,302)	(5,017)	2,285	(10,788)	842	11,630
Other (uses) of financial resources:						
Operating transfers-out	-- --	(3)	(3)	-- --	(5)	(5)
Excess (deficiency) of revenues over expenditures, other (uses) of financial resources	(7,302)	(5,020)	2,282	(10,788)	837	11,625
Budgetary fund balances (deficits), July 1, 1996	8,481	8,481	-- --	(6,933)	(6,933)	-- --
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 1997	$ 1,179	$ 3,461	$ 2,282	$ (17,721)	$ (6,096)	$ 11,625

Total		
Final Budget	Actual	Variance Over (Under)
$ 500	$ 464	$ (36)
94,500	97,595	3,095
95,000	98,059	3,059
113,069	102,231	(10,838)
21	3	(18)
113,090	102,234	(10,856)
(18,090)	(4,175)	13,915
--	(8)	(8)
(18,090)	(4,183)	13,907
1,548	1,548	--
$ (16,542)	$ (2,635)	$ 13,907

Combining Schedule of Revenues, Expenditures and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds - Department of Public Aid
For the Year Ended June 30, 1997 (Expressed in Thousands)

	Public Assistance Recoveries			Child Support Enforcement		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 14,840	$ 14,840	$ --	$ 69,689	$ 69,689	$ --
Other	162,818	162,818	--	190,820	190,820	--
Total revenues	177,658	177,658	--	260,509	260,509	--
EXPENDITURES:						
Current:						
Health and social services	2	1	(1)	35	29	(6)
General government				561	557	(4)
Social assistance				118,171	91,491	(26,680)
Capital outlays				523	363	(160)
Total expenditures	2	1	(1)	119,290	92,440	(26,850)
Excess of revenues over expenditures	177,656	177,657	1	141,219	168,069	26,850
Other (uses) of financial resources:						
Operating transfers-out	(71,816)	(71,816)	--	(1,078)	(1,078)	--
Budgetary funds-nonbudgeted accounts	(124,294)	(124,294)	--	(147,584)	(147,584)	--
Excess (deficiency) of revenues over expenditures, other (uses) of financial resources and budgetary funds - non budgeted accounts	(18,454)	(18,453)	1	(7,443)	19,407	26,850
Budgetary fund balances (deficits), July 1, 1996, as previously reported				14,074	14,074	--
Reclassifications between budgetary/nonbudgetary funds-net	43,463	43,463	--			
Budgetary fund balances, July 1, 1996, as reclassified	43,463	43,463	--	14,074	14,074	--
BUDGETARY FUND BALANCES, JUNE 30, 1997	$ 25,009	$ 25,010	$ 1	$ 6,631	$ 33,481	$ 26,850

	Total	
Final Budget	Actual	Variance Over (Under)
$ 84,529	$ 84,529	$ --
353,638	353,638	--
438,167	438,167	--
37	30	(7)
561	557	(4)
118,171	91,491	(26,680)
523	363	(160)
119,292	92,441	(26,851)
318,875	345,726	26,851
(72,894)	(72,894)	--
(271,878)	(271,878)	--
(25,897)	954	26,851
14,074	14,074	--
43,463	43,463	--
57,537	57,537	--
$ 31,640	$ 58,491	$ 26,851

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds - Department of Revenue

For the Year Ended June 30, 1997 (Expressed in Thousands)

	Home Rule Municipal Retailers Occupation Tax			County Option Motor Fuel Tax		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes	$ 306,921	$ 306,921	$ --			
Motor fuel taxes				$ 23,230	$ 23,230	$ --
Other	1,209	1,209	--	167	167	--
Total revenues	308,130	308,130	--	23,397	23,397	--
EXPENDITURES:						
Current:						
General government	303	303	--	458	448	(10)
Capital outlays			--	5	5	--
Total expenditures	303	303	--	463	453	(10)
Excess of revenues over expenditures	307,827	307,827	--	22,934	22,944	10
Budgetary funds-nonbudgeted accounts	(328,535)	(328,535)	--	(24,706)	(24,706)	--
Deficiency of revenues (under) expenditures and budgetary funds - nonbudgeted accounts	(20,708)	(20,708)	--	(1,772)	(1,762)	10
Budgetary fund balances, July 1, 1996	22,414	22,414	--	4,100	4,100	--
BUDGETARY FUND BALANCES, JUNE 30, 1997	$ 1,706	$ 1,706	$ --	$ 2,328	$ 2,338	$ 10

Total		
Final Budget	Actual	Variance Over (Under)
$ 306,921	$ 306,921	$ --
23,230	23,230	--
1,376	1,376	--
331,527	331,527	--
761	751	(10)
5	5	--
766	756	(10)
330,761	330,771	10
(353,241)	(353,241)	--
(22,480)	(22,470)	10
26,514	26,514	--
$ 4,034	$ 4,044	$ 10

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STATISTICAL AND ECONOMIC DATA

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources - GAAP Basis All Governmental Fund Types and Expendable Trust Funds

For the Last Ten Fiscal Years (Expressed in Thousands)

	1997	1996	1995	1994	1993
REVENUES					
Income taxes	$ 7,931,647	$ 7,350,286	$ 6,862,484	$ 6,341,405	$ 5,927,379
Sales taxes	6,823,157	6,520,321	6,271,692	5,984,237	5,514,941
Motor fuel taxes	1,231,754	1,197,288	1,154,482	1,098,820	1,056,565
Public utility taxes	1,092,681	1,047,020	985,016	1,011,616	970,740
Other taxes	2,854,650	2,901,397	3,266,077	3,110,413	2,739,100
Federal government	8,909,679	8,409,885	8,639,857	8,404,474	8,078,948
Licenses and fees	1,078,001	1,020,758	1,001,099	996,453	1,144,715
Interest and other investment income	359,404	351,718	311,898	202,119	171,410
Other	1,395,495	1,099,356	1,035,374	1,308,394	552,133
Total revenues	31,676,468	29,898,029	29,527,979	28,457,931	26,155,931
EXPENDITURES					
Current:					
Health and social services	9,289,837	8,732,071	8,623,643	7,855,039	7,387,137
Education	6,131,774	5,752,793	5,395,845	5,128,035	4,857,626
General government	4,986,851	4,917,335	4,571,183	4,417,418	4,182,189
Social assistance	3,873,387	4,131,674	3,995,466	4,698,546	4,706,918
Transportation	2,697,520	2,627,170	2,713,372	2,535,653	2,372,496
Public protection and justice	1,613,345	1,481,413	1,437,874	1,412,870	1,168,459
Natural resources and recreation	418,567	364,848	388,607	426,270	369,944
Debt service:					
Principal	501,299	456,350	443,676	427,646	394,935
Interest	442,578	433,587	444,490	396,971	380,755
Capital outlays	374,703	366,518	290,361	263,573	272,729
Total expenditures	30,329,861	29,263,759	28,304,517	27,562,021	26,093,188
Excess (deficiency) of revenues over (under) expenditures	1,346,607	634,270	1,223,462	895,910	62,743
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Proceeds from notes and general/special obligation bond issues	406,473	728,944	776,220	686,929	522,808
Proceeds from general/special obligation refunding bond issues	84,803	318,040		501,162	880,673
Operating transfers-in	4,460,454	4,395,048	4,149,874	3,559,780	3,546,143
Operating transfers from component units	777	18	40	113	
Operating transfers-out	(3,876,480)	(3,790,475)	(3,564,180)	(3,002,277)	(4,136,820)
Operating transfers to component units	(1,423,032)	(1,402,746)	(1,377,869)	(1,284,315)	
Capital lease financing	19,249	26,411	10,711	23,148	41,719
Payment to refunded bond escrow agent	(84,803)	(318,040)		(501,162)	(880,673)
Proceeds from certificates of participation		90,052	18,802		
Proceeds from certificates of participation refunding					
Net other sources (uses) of financial resources	(412,559)	47,252	13,598	(16,622)	(26,150)
Excess (deficiency) of revenues over (under) expenditures and net other sources (uses) of financial resources	$ 934,048	$ 681,522	$ 1,237,060	$ 879,288	$ 36,593

* As restated

1992	1991	1990 *	1989	1988
$ 5,645,604	$ 5,472,105	$ 5,338,959	$ 4,677,087	$ 4,347,136
5,183,617	5,263,439	4,825,537 *	3,937,291	3,702,870
1,032,741	1,020,294	947,840	725,929	702,731
952,493	927,745	913,222	910,247	886,181
1,972,536	1,903,844	1,980,669	2,047,575	1,989,493
7,075,372	5,583,518	5,083,032	4,687,304	4,470,240
1,317,403	839,862	830,495	776,878	740,294
254,302	339,960	373,813	302,439	196,881
470,987	416,791	390,013	278,257	529,767
23,905,055	21,767,558	20,683,580	18,343,007	17,565,593
6,369,477	5,117,272	4,501,034	3,885,003	3,406,599
4,679,110	4,667,968	4,480,114	4,047,950	3,808,737
3,967,119	4,147,658	3,608,186	2,459,592	2,211,305
4,649,024	3,935,452	3,350,807	2,983,126	3,321,992
2,605,775	2,540,051	2,207,848	1,954,240	1,877,167
1,114,520	1,089,656	988,815	888,238	844,861
394,158	429,966	420,014	363,986	310,510
379,301	354,320	324,240	280,653	262,899
350,639	343,337	378,989	367,814	407,287
253,729	367,077	367,790	303,723	299,659
24,762,852	22,992,757	20,627,837	17,534,325	16,751,016
(857,797)	(1,225,199)	55,743	808,682	814,577
588,673	621,703	635,530	529,152	553,609
436,203		181,164		
3,402,400	3,204,329	2,893,649	2,515,717	2,324,086
(3,965,878)	(3,861,013)	(3,520,707)	(2,960,409)	(2,788,269)
21,245	35,642	39,369	20,272	36,671
(438,686)		(224,211)		
		16,671		
2,483				
46,440	661	21,465	104,732	126,097
$ (811,357)	$ (1,224,538)	$ 77,208	$ 913,414	$ 940,674

Ratio of General and Special Obligation Bonded Debt To Assessed Value and Net Bonded Debt Per Capita

For the Last Ten Fiscal Years (Expressed In Thousands Except Ratio and Per Capita Data)

For the Year Ended June 30	Population	Equalized Assessed Value	General and Special Obligation Bond Debt			Net General and Special Obligation Bond Debt	
			Total	Less Debt Service Fund	Net	Ratio to Assessed Value	Per Capita
1987	11,393	$ 92,988,000	$ 4,132,020	$ 155,318	$ 3,976,702	4.28 %	$ 349.05
1988	11,392	99,720,000	4,456,376	167,180	4,289,196	4.30	376.51
1989	11,410	107,416,000	4,756,265	203,301	4,552,964	4.24	399.03
1990	11,431	117,543,328	5,144,930	214,029	4,930,901	4.19	431.36
1991	11,543	127,707,027	5,520,230	251,506	5,268,724	4.13	456.44
1992	11,613	136,609,057	5,918,461	257,655	5,660,806	4.14	487.45
1993	11,697	144,468,536	6,274,656	355,254	5,919,402	4.10	506.06
1994	11,752	150,144,693	6,699,950	361,549	6,338,401	4.22	539.35
1995	11,830	157,653,737	7,143,804	416,068	6,727,736	4.27	568.70
1996	11,847	163,535,683 e	7,537,521	499,319	7,038,202	4.30	594.09
1997	(a)		7,539,564	167,428	7,372,136		

e-estimated

(a)- Population and Equalized Assessed Value data are not available.

Source: Illinois Property Tax Statistics - Illinois Department of Revenue.
U.S. Department of Commerce, Bureau of the Census.

Ratio of Annual Debt Service for General and Special Obligation Debt to Total Revenues and Expenditures - GAAP Basis All Governmental Fund Types (Primary Government and Component Units)

For the Last Ten Fiscal Years (Expressed in Thousands Except Ratio Data)

For the Year Ended June 30	Principal	Interest	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
1988	$ 238,385	$ 296,343	$ 534,728	$ 17,565,593	3.04 %	$ 16,751,016	3.19 %
1989	256,620	305,289	561,909	18,343,007	3.06	17,534,325	3.20
1990	294,075	302,188	596,263	20,683,580	2.88	20,627,837	2.89
1991	323,270	299,723	622,993	21,767,558	2.86	22,992,757	2.71
1992	349,878	296,405	646,283	23,905,055	2.70	24,762,852	2.61
1993	369,687	318,813	688,500	26,155,931	2.63	26,093,188	2.64
1994	410,292	323,309	733,601	28,463,037	2.58	27,567,179	2.66
1995	427,902	350,295	778,197	29,555,580	2.63	28,311,850	2.75
1996	440,080	352,906	792,986	29,945,854	2.65	29,281,140	2.71
1997	479,810	359,718	839,528	31,716,307	2.65	30,345,472	2.77

Revenue Bond Coverage
Proprietary

For the Last Ten Fiscal Years (Expressed in Thousands Except Coverage Data)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
PRIMARY GOVERNMENT							
Illinois Student Assistance Commission -							
1988	$ 32,251	$ 4,717	$ 27,534	$ 27,480	$ 18,395	$ 45,875	.60
1989	33,440	5,668	27,772	30,960	21,744	52,704	.53
1990	59,665 (a)	7,101	52,564	56,795 (a)	31,251	88,046	.60
1991	73,133 (b)	12,859	60,274	33,200 (b)	17,184	50,384	1.20
1992	121,320 (c)	9,600	111,720	58,690 (c)	38,526	97,216	1.15
1993	131,411 (d)	12,591	118,820	68,930 (d)	40,367	109,297	1.09
1994	202,314 (e)	13,053	189,261	140,680 (e)	42,548	183,228	1.03
1995	117,416 (f)	14,142	103,274	61,720 (f)	44,596	106,316	0.97
1996	124,164 (g)	15,338	108,826	61,025 (g)	47,692	108,717	1.00
1997	144,930 (p)	20,078	124,852	76,165 (p)	51,995	128,160	0.97
COMPONENT UNITS							
Illinois State Toll Highway Authority -							
1988	$ 241,031	$ 67,178	$ 173,853	$ 4,865	$ 39,935	$ 44,800	3.88
1989	213,941	75,269	138,672	4,025	40,776	44,801	3.10
1990	246,602	85,909	160,693	4,285	40,517	44,802	3.59
1991	247,381	99,256	148,125	15,735	40,231	55,966	2.65
1992	258,248	101,506	156,742	27,230	48,385	75,615	2.07
1993	262,209	90,311	171,898	17,710	47,818	65,528	2.62
1994	293,092	127,132	165,960	21,545	52,149	73,694	2.25
1995	314,657	186,967	127,690	24,250	53,962	78,212	1.63
1996	325,410	167,580	157,830	25,750	54,354	80,104	1.97
1997	460,329 (q)	178,901	281,428	174,590 (q)	54,565	229,155	1.23
Illinois Housing Development Authority -							
1988	$ 181,256	$ 10,589	$ 170,667	$ 119,682	$ 152,505	$ 272,187	.63
1989	191,766	13,137	178,629	73,811	157,220	231,031	.77
1990	198,080	11,426	186,654	89,455	165,763	255,218	.73
1991	521,256 (i)	12,224	509,032	421,485 (i)	176,302	597,787	.85
1992	277,018 (j)	12,979	264,039	146,388 (j)	184,577	330,965	.80
1993	272,645 (k)	14,651	257,994	328,676 (k)	172,455	501,131	.51
1994	329,589 (l)	18,429	311,160	793,354 (l)	149,209	942,563	.33
1995	220,268 (m)	16,446	203,822	226,107 (m)	121,482	347,589	.59
1996	360,854 (n)	174,136	186,718	173,146 (n)	129,502	302,648	.62
1997	162,470	9,970	152,500	194,067	132,541	326,608	.47
Illinois Rural Bond Bank -							
1992 (o)	$ 1,343	$ 700	$ 643	$ 95	$ 279	$ 374	1.72
1993	1,917	535	1,382	630	1,384	2,014	.69
1994	2,528	642	1,886	1,135	1,730	2,865	.66
1995	3,068	564	2,504	1,325	2,455	3,780	.66
1996	3,338	511	2,827	1,875	2,932	4,807	.59
1997	3,940	730	3,210	2,130	3,469	5,599	.57

(a) The Commission advance refunded their previously issued bonds in January, 1990. The amount of the proceeds utilized for refunding was $27,570.

(b) The Commission redeemed $33.2 million of principal with bond proceeds in February, 1991.

(c) The Commission redeemed $58.69 million of principal with bond proceeds in January, 1992.

(d) The Commission redeemed $68.27 million of principal with bond proceeds in December, 1992.

(e) The Commission redeemed $135.86 million of principal with bond proceeds in February, 1994.

(f) The Commission redeemed $49.695 million of principal with bond proceeds in February, 1995.

(g) The Commission redeemed $49.9 million of principal with bond proceeds in February, 1996.

(h) The Authority advance refunded their previously issued bonds in February, 1987. The amount of the proceeds utilized for refunding was $139,145.

(i) The Authority advance refunded their previously issued bonds throughout the year. The amount of the proceeds used for refunding was $301,737.

(j) The Authority advance refunded their previously issued bonds throughout the year. The amount of the proceeds used for refunding was $58,750

(k) The Authority redeemed $58.005 million of principal with bond proceeds throughout the year. In addition, the Authority used $4.241 million from the sale of mortgage loan receivables to redeem previously issued bonds.

(l) The Authority redeemed $146.645 million of principal with bond proceeds throughout the year.

(m) The Authority redeemed $57.625 million of principal with bond proceeds in November, 1994.

(n) The Authority redeemed $32.44 million of principal with bond proceeds in November, 1995.

(o) First year the Bank issued revenue bonds.

(p) The Commission redeemed $68.0 million of principal with bond issuance proceeds of $23.7 million in February, 1997 and $44.3 million in May, 1997.

(q) The Authority issued $148.3 million of revenue bonds in October, 1996 to current refund $144.3 million of revenue bonds.

State of Illinois

Revenue Bond Coverage *

University and College

For the Last Ten Fiscal Years (Expressed In Thousands Except Coverage Data)

Fiscal Year	Revenues/ Other Additions	Expenditures/ Other Deductions	Net Revenue/ Additions Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1988	$ 287,026	$ 251,129	$ 35,897	$ 18,011	$ 12,477	$ 30,488	1.18
1989	270,353	244,188	26,165	19,667	11,470	31,137	0.84
1990	304,535	262,707	41,828	20,358	12,078	32,436	1.29
1991	313,066	253,813	59,253	20,031	22,233	42,264	1.40
1992	336,807	272,979	63,828	20,160	26,176	46,336	1.38
1993	413,427	345,794	67,633	19,323	27,546	46,869	1.44
1994	361,832	295,495	66,337	21,600	27,224	48,824	1.36
1995	362,303	291,301	71,002	21,495	29,232	50,727	1.40
1996	457,926	383,897	74,029	25,059	28,754	53,813	1.38
1997	787,489	685,854	101,635	28,161	32,229	60,390	1.68

* Chicago State, Eastern, Northeastern, Western, Illinois State, Northern, Southern Illinois, and the University of Illinois. The above amounts do not include student tuition and fees which are generally available, if necessary, to cover bond debt service requirements. The tuition and fees amounts, if included, would significantly increase debt service coverage.

State of Illinois

Population by Age Group

	ILLINOIS			
	1980	Percent	1990	Percent
Under 5 years	842,324	7.4 %	848,141	7.4 %
5 -19 years	2,836,273	24.8	2,451,088	21.5
20 - 44 years	4,221,949	37.0	4,553,416	39.8
45 - 64 years	2,264,972	19.8	2,141,412	18.7
65 years and over	1,261,911	11.0	1,436,545	12.6
Total	11,427,429	100.0 %	11,430,602	100.0 %

	UNITED STATES			
	1980	Percent	1990	Percent
Under 5 years	16,298,350	7.2 %	18,354,443	7.4 %
5 - 19 years	56,117,954	24.8	56,976,857	22.9
20 - 44 years	84,112,743	37.1	95,765,733	38.5
45 - 64 years	44,518,372	19.6	46,371,009	18.6
65 years and over	25,498,386	11.3	31,241,831	12.6
Total	226,545,805	100.0 %	248,709,873	100.0 %

Sources: ***Illinois Bureau of the Budget, Current Population Reports: Local Population Estimates, Series P-26, August, 1987.***

Illinois Bureau of the Budget, Current Population Reports: Population Estimates and Projections, Series P-25, July, 1988.

Illinois Bureau of the Budget, Data From 1990 Census, Summary Tape File 1, July, 1991.

State of Illinois

Total Personal Income

For the Last Ten Fiscal Years

Year	Amount (millions)	Percent Change	Per Capita Personal Income	
			Illinois	United States
1988	$ 201,641	6.55 %	$ 17,702	$ 16,597
1989	215,145	6.70	18,889	17,749
1990	227,810	5.89	19,966	18,763
1991	239,177	4.99	20,924	19,619
1992	250,364	4.68	21,740	20,229
1993	265,051	5.87	22,857	21,103
1994	276,545	4.34	23,698	21,847
1995	294,259	6.41	25,077	22,942
1996	309,310	5.12	26,234	23,965
1997	327,075	5.74	27,609	25,135

Source: ***Survey of Current Business, U.S. Department of Commerce***

State of Illinois

Employment/Unemployed

For the Last Ten Fiscal Years

Year	Total Employment	Unemployment Unemployed	Unemployment Rate (Percent)
1988	5,381,292	405,617	7.0 %
1989	5,568,758	361,875	6.1
1990	5,603,805	365,967	6.1
1991	5,531,998	390,504	6.6
1992	5,500,050	476,793	8.0
1993	5,540,375	440,613	7.4
1994*	5,597,790	397,880	6.6
1995*	5,705,809	315,452	5.2
1996*	5,759,292	319,876	5.3
1997*	5,813,865	306,663	5.0

* Due to changes in the employment survey, the results of the employment survey beginning in 1994 and after are not comparable to earlier reports.

Source: U.S. Department of Labor, Bureau of Labor Statistics Employment and Earnings.

State of Illinois

Employment by Industry

For the Last Ten Fiscal Years (Expressed in Thousands)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Mining	22	21	20	19	18	17	15	14	13	12
Construction	201	209	218	213	200	197	206	214	219	222
Manufacturing	959	981	988	965	921	928	944	958	965	977
Transportation and Public Utilities	298	302	307	307	302	307	314	321	328	336
Wholesale and Retail Trade	1,232	1,271	1,263	1,259	1,240	1,238	1,262	1,301	1,308	1,305
Finance, Insurance and Real Estate	365	370	375	380	376	381	390	385	384	388
Services	1,203	1,269	1,326	1,357	1,385	1,437	1,487	1,547	1,613	1,663
Government	729	743	755	770	773	775	777	795	804	810
Total	5,009	5,166	5,252	5,270	5,215	5,280	5,395	5,535	5,634	5,713

Source: U.S. Department of Labor.

State of Illinois

Contracts for Future Construction And Residential Building Activity

For the Last Ten Fiscal Years

Year	Contracts For Future Construction (millions)	Residential Building Activity Permits	Residential Building Activity Valuation (millions)
1988	$ 10,247	46,184	$ 3,639
1989	10,700	47,440	3,982
1990	11,800	41,070	3,696
1991	8,923	32,367	3,008
1992	10,026	37,358	3,582
1993	10,851	40,381	3,882
1994	11,041	47,168	4,891
1995	11,182	48,506	4,918
1996	11,556	49,304	4,915
1997	11,666	49,248	5,128

Sources: ***Dodge Division, McGraw Hill Information System Co.***

U.S. Department of Commerce, Housing Units Authorized by Building Permits.

State of Illinois

Sales of All Retail Stores Annual

For the Last Ten Fiscal Years (Expressed In Millions)

Year	Illinois	Percent of Change Illinois	Percent of Change United States
1988	$ 77,561	6.6 %	7.1 %
1989	80,967	4.4	6.6
1990	86,235	6.5	6.0
1991	90,390	4.8	2.3
1992	91,792	1.6	2.3
1993	93,777	2.2	6.0
1994	97,313	3.8	7.3
1995	101,481	4.3	6.7
1996	103,725	2.2	4.9
1997	110,779	6.8	4.2

Source: ***Illinois Department of Commerce & Community Affairs***

Cash Receipts from Farm Marketings

For the Last Ten Calendar Years (Expressed in Millions)

	Livestock					Crops					
Year	Cattle	Hogs	Dairy Products	Other Livestock and Products	Total Livestock and Products	Corn	Soybeans	Wheat	Other Crops	Total Crops	Total Livestock and Crops
1987	$ 798	$ 1,062	$ 346	$ 56	$ 2,262	$ 1,858	$ 1,733	$ 126	$ 196	$ 3,913	$ 6,175
1988	812	1,024	338	70	2,244	1,795	1,982	213	227	4,217	6,461
1989	791	984	365	108	2,248	1,992	1,820	372	274	4,458	6,706
1990	802	1,206	357	112	2,477	2,768	2,059	259	375	5,461	7,938
1991	740	1,172	339	93	2,344	2,681	1,958	125	401	5,165	7,509
1992	720	1,042	352	88	2,202	2,780	2,026	199	426	5,431	7,633
1993	711	1,112	327	98	2,248	2,868	2,302	182	483	5,835	8,083
1994	688	941	335	101	2,065	2,949	2,547	178	484	6,158	8,223
1995	622	901	323	101	1,947	3,116	2,334	248	479	6,177	8,124
1996	564	1,039	345	114	2,062	3,546	2,784	182	443	6,955	9,017
1997 *											

*** Information unavailable**

Source: Agricultural Outlook, U.S. Department of Agriculture

State of Illinois

Largest Manufacturers
(Ranked by Number of Employees)

Company	Number of Employees	Number of Illinois Installations
Caterpillar, Inc.	20,400	8
Abbott Laboratories	12,700	3
Motorola, Inc.	10,425	7
Ford Motor Company	4,963	2
Mitsubishi Motor Mfg., Inc.	4,000	1
Olin Corporation	4,000	2
Chrysler Corporation	3,750	1
Honeywell	3,600	2
Maytag	3,286	2
Donnelley & Sons Co.	3,100	3
Granite City Steel	3,000	1
Sundstrand Aerospace	2,800	1
World Color Press	2,680	3
Northrop Grumman Corp.	2,600	1
Baxter Healthcare Corp.	2,500	1
General Motors	2,500	1
Kraft USA	2,400	2
Nabisco, Inc.	2,400	1
Northwestern Steel & Wire Co.	2,400	1
Zenith Electronics Corp.	2,200	1
Acme Metals	2,160	2
John Deere Harvester Works	2,150	2
Champion Laboratories	2,050	2
Fel-Pro, Inc.	2,000	1
General Tire Company	2,000	1
Rock Island Arsenal	2,000	1

Source: Illinois' Manufacturer's Directory, 1997 (latest statistics available).

State of Illinois

Bituminous Coal Production
Annual
For the Last Ten Calendar Years (Expressed in Thousands of Tons)

Year	Surface	Underground	Total	Percent Total of U.S.
1988	20,585	39,011	59,596	6.3 %
1989	19,603	40,528	60,131	6.2
1990	18,646	43,011	61,657	6.0
1991	15,903	44,132	60,035	6.1
1992	12,848	47,484	60,332	6.2
1993	7,937	34,207	42,144	4.5
1994	9,246	44,781	54,027	5.3
1995	6,878	42,659	49,537	4.0
1996	7,600	39,700	47,300	4.5
1997 *a*	3,500	18,300	21,800	4.0

a - through June

Source: Illinois Department of Mines and Minerals.

SEA

SERVICE EFFORTS AND ACCOMPLISHMENTS

INTRODUCTION

Consistent with our GASB experimentation mandate, the following pages present a variety of SEA illustrations. In all cases, the data are real as opposed to hypothetical, and were acquired from Illinois agencies, offices and commissions, or identifiable external sources such as federal government reports and academic studies.

The illustrations reflect input, output, outcome, and efficiency measures. Where possible the measures are presented in time series, comparative or against benchmark frameworks. Methods of presentation include narrative, tabular, and graphical. For several of the illustrations, an effort was made to format them in a somewhat consistent presentation template.

Most examples are organized around a specific agency or program. Some have more of an issues focus.

Where viewed as useful to the reader, explanatory text has been provided, as well as cautionary notes; and comments about exogenous or "environmental" factors.

In the compilation of these illustrations we attempted to consistently function in the role of an accountability reporter, not an evaluator. To the extent we have succeeded in this perspective, the readers will have to draw their own conclusions from the illustrative information.

It should be noted that none of the source measurement data has been subject to audit processes. And it clearly has been our intention to ensure that none of the SEA information presented falls within the scope of the audit opinion applicable to the traditional financial presentations contained in this CAFR.

HIGHER EDUCATION

Illinois' higher education system consists of 184 degree-granting institutions, of which 12 are public universities, 49 are community colleges, 103 are private, non-profit universities and colleges, and 20 are proprietary schools. In addition to degree and certificate programs, these institutions deliver programs of developmental and remedial instruction, continuing education, personal enrichment, technical or vocational training, and a variety of community and other services.

The Board of Higher Education is the coordinating and planning entity for higher education. In this capacity it is responsible for planning and policy development, budget development, program approval and review, operating and degree-granting authority for private institutions, grant administration, and information systems development.

In a functional area like education, there is a major issue in state-level service efforts and accomplishments (SEA) reporting which requires much more consideration, debate, and experimentation. This issue, raised by officials within the educational bureaucracy itself, is whether state-level SEA reporting should focus on the aggregate data of the state's educational system (inputs, outputs, outcomes, and efficiency measures of the system taken as a whole) or whether its emphasis should be on the performance, effectiveness, and efficiency of the system's governing body (in this case, the Board of Higher Education). In the latter instance, SEA reporting would focus on how effective the state educational agency is in moving the educational system to improve its results. It is a legitimate question for state-level SEA reporting.

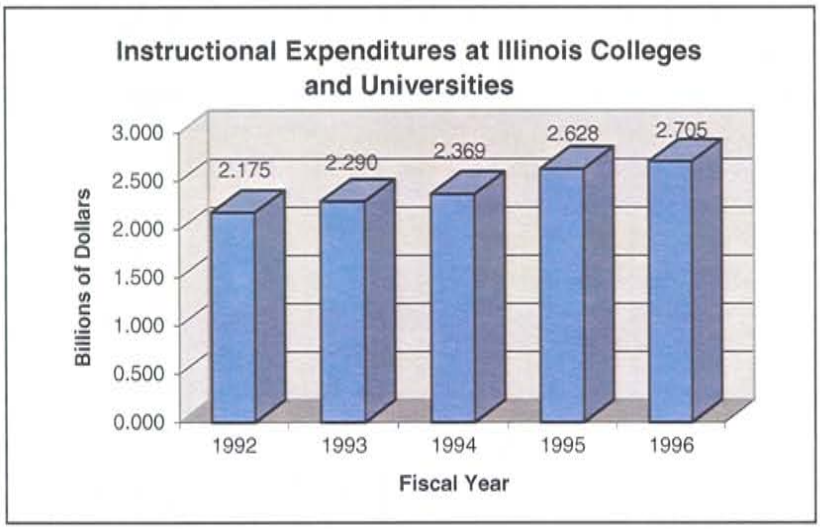
On the one hand, some would argue that aggregate data on the educational system taken as a whole tend to mask significant differences at lower levels and that measures of performance such as cost per student or student achievement levels are ultimately meaningful only at the institutional level (i.e., a specific school). (Individual educational institutions are, after all, governed by local boards and administrators.) On the other hand, a focus on the governing agency would yield a very different set of indicators (e.g., issue development and policy implementation, effectiveness of grant administration, system-wide cost savings, etc.). Perhaps some combination of the two is the appropriate course, but this remains an open question. For the moment, this report focuses on SEA measures of the higher education system as a whole. Some additional observations on this matter, including some sample measures for the Board of Higher Education, have been included in the 'Explanatory Information' section of this report.

The Board of Higher Education collects and maintains huge amounts of data, much of which is appropriate for external reporting of service efforts and accomplishments. Many of these SEA measures are also reported in other forums. The following indicators and data are not intended to represent a comprehensive set of measures either recommended for higher education generally or maintained by the Board of Higher Education specifically. The indicators and measures selected for this report are intended only to exemplify some of the elements and characteristics of service efforts and accomplishments reporting as applied to higher education in Illinois. All data have been provided by the Board of Higher Education.

Inputs

Expenditures and Staffing. There is considerable information available on the basic inputs to higher education: resources available in terms of funding and staffing. Total instructional expenditures at Illinois colleges and universities increased from $2.2 billion in 1992 to $2.7 billion in 1996, a 24.4% increase over the five-year period. From the five-year period of 1991 to 1995, total staff increased only 1.7%. Faculty increased 4.4%, with the overwhelming majority of that increase in part-time staff (6.0%) generally, and instruction/research associates specifically

(10.1%). Support staff actually declined by 2.1% during this same period.



Illinois Higher Education Staffing

Employment Classification and Status	Fall 1991	Fall 1993	Fall 1995	Fall 1991 to Fall 1995 Change	Fall 1991 to Fall 1995 Percent Change
Faculty	58,831	60,107	61,423	2,592	4.4 %
Full-time	24,069	24,377	24,589	520	2.2
Part-time Faculty	34,762	35,730	36,834	2,072	6.0
Part-time Faculty	21,246	20,844	21,958	712	3.4
Instruction/Research Assistants	13,516	14,886	14,876	1,360	10.1
Executive, Administrative, Managerial, and Other Professionals	28,346	28,334	28,951	605	2.1
Full-time	24,302	23,909	24,972	670	2.8
Part-time	4,044	4,425	3,979	(65)	(1.6)
Support Staff*	47,373	46,599	46,415	(958)	(2.0)
Full-time	37,134	36,443	36,205	(929)	(2.5)
Part-time	10,239	10,156	10,210	(29)	(0.3)
Total Staff	134,550	135,040	136,789	2,239	1.7 %
Full-time	85,505	84,729	85,766	261	0.3
Part-time	49,045	50,311	51,023	1,978	4.0

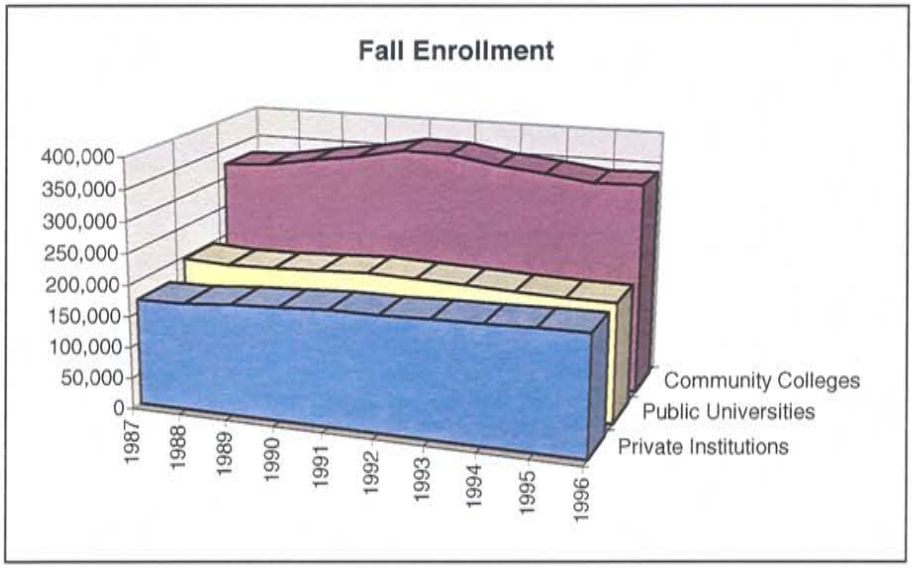
* Includes technical and paraprofessionals, clerical and secretarial, skilled crafts, and service and maintenance.

Multi-year data enable an assessment of how staffing has changed both in terms of composition and over time. Much more detailed data is also available on funding. Additionally, the above

funding data are current dollars. If such data were also provided in constant (inflation adjusted) dollars, a more accurate assessment of real funding patterns would be possible.

Outputs

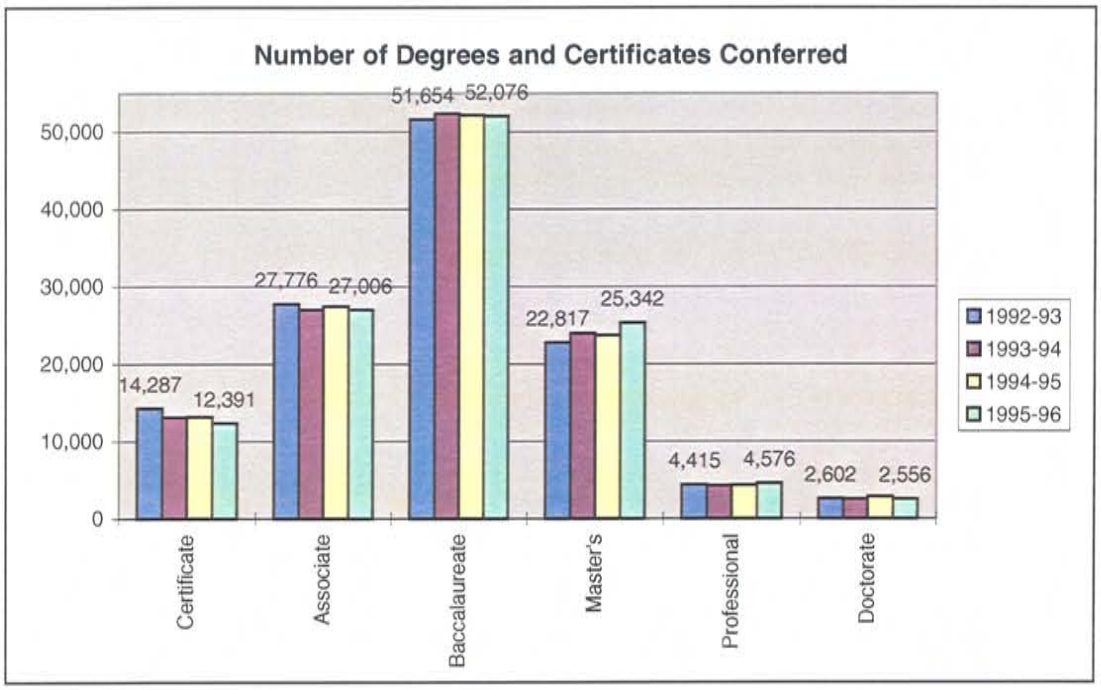
Total Student Enrollments. Total student enrollment in Illinois' higher education system increased from 1987 to a peak of 756,183 students in 1991. Since then, enrollment has declined until rebounding slightly to 724,815 students in 1996. Enrollments at private institutions increased steadily over the period (up 4.8%), while enrollments at public universities and community colleges fell 7.7%. According to the U. S. Department of Education, in 1955 total Illinois student enrollment in higher education was 152,723.



Comparative Changes in Funding and Enrollments. Bringing together both funding and enrollment information, the following table indicates results over ten-year periods for each. This table also demonstrates the usefulness of comparisons with other jurisdictions.

Comparison of Ten-Year Percent Change Higher Education Enrollments and State Tax Appropriations		
State	% Change in State Tax Funds FY 1988 - FY 1998	% Change in Enrollments Fall 1985 - Fall 1995
Nevada	159.2 %	55.4 %
Mississippi	102.2	21.3
Arkansas	91.1	26.3
New Mexico	84.5	49.2
Utah	82.7	44.3
Nebraska	82.4	18.4
Georgia	82.2	59.9
Idaho	78.4	39.6
Oklahoma	72.4	6.8
Illinois	**68.9**	**5.6**
Iowa	68.4	13.7
Missouri	66.7	21.4
Florida	64.5	41.2
South Dakota	63.6	12.0
Arizona	60.6	26.3
Texas	59.5	23.8
Oregon	57.5	21.1
North Carolina	56.3	13.7
Kansas	55.7	25.7
Washington	55.4	23.4
Indiana	54.7	15.6
Delaware	53.1	32.7
West Virginia	48.6	12.2
North Dakota	48.4	6.5
Colorado	47.7	50.5
Ohio	47.3	5.0
Louisiana	46.8	15.1
Pennsylvania	46.2	16.2
Alabama	45.5	25.8
Kentucky	44.9	26.2
Minnesota	44.7	27.0
Hawaii	43.3	21.9
South Carolina	42.8	32.0
Maryland	42.5	15.1
Tennessee	42.0	26.1
Wisconsin	41.9	9.1
Michigan	40.3	8.1
Connecticut	39.4	(1.0)
New Jersey	39.3	12.2
New Hampshire	32.8	23.0
Maine	31.5	8.3
Virginia	25.9	21.7
California	24.8	10.1
Wyoming	17.9	24.7
Rhode Island	17.7	6.0
Montana	14.8	18.7
Vermont	14.0	11.6
Alaska	12.3	6.8
Massachusetts	1.3	(1.8)
New York	(0.8)	4.1
District of Columbia	N/A	(2.0)
United States Total	**43.6**	**16.2**

Degrees and Certificates Awarded. Another basic output for higher education is the number and types of degrees and certificates earned. In the 1995-1996 academic year, Illinois colleges and universities awarded a total of 123,947 degrees and certificates. The following chart illustrates these results for Illinois' higher education system over four academic years. It is readily apparent that, while certificates awarded have declined notably (down 13.3%), master's degrees have increased correspondingly (11.1%).



Outcomes

Retention/Graduation Rates. A common and important output measure of higher education systems is the retention/graduation rate because it is a measure of the system's success in retaining students until they complete their degree objective. The table below, which includes a significant amount of information on what happened to freshmen after their year of enrollment, is the Board of Higher Education's report on these outcomes for Illinois' public universities. From 1983 to 1991, Illinois' public universities enrolled 211,200 first-time freshmen and awarded baccalaureate degrees to 116,722 or 55.3% of the enrolled freshmen. As of the end of the 1990-1991 academic year, 63.1% or 133,351 of the freshmen enrolled over this time period either had earned a degree or were still enrolled. During this same time period 77,849 or 36.9% of the enrolled freshmen neither had earned a degree nor were still enrolled.

Degree Attainment, Enrollment Status, and Non-Persistence Among Illinois Public University First-Time Freshmen

First-Time Freshmen		Baccalaureate Degrees Awarded[1]		Still Enrolled[2] in 1994-95		Cumulative Percentage of Baccalaureate Recipients and Still Enrolled	Freshmen Neither Earning a Degree nor Still Enrolled	
Entering Year	N	N	%	N	%	%	N	%
1983-84	26,236	14,681	56.0 %	710	2.7 %	58.7 %	10,845	41.3 %
1984-85	26,324	14,844	56.4	817	3.1	59.5	10,663	40.5
1985-86	27,308	15,484	56.7	1,113	4.1	60.8	10,711	39.2
1986-87	26,927	15,583	57.9	1,234	4.6	62.5	10,110	37.5
1987-88	26,846	15,459	57.6	1,622	6.0	63.6	9,765	36.4
1988-89	26,046	15,054	57.8	1,980	7.6	65.4	9,012	34.6
1989-90	26,071	13,895	53.3	3,240	12.4	65.7	8,936	34.3
1990-91	25,442	11,722	46.1	5,913	23.2	69.3	7,807	30.7
Total	**211,200**	**116,722**	**55.3 %**	**16,629**	**7.9 %**	**63.1 %**	**77,849**	**36.9 %**

[1] Baccalaureate degree may have been awarded by any public university.

[2] Enrolled in either fall or spring semesters at either a public university or community college.

Source: Public Institutions' Shared Enrollment and Graduation Information System.

The above tabular presentation of outcome data exhibits several features: it provides a substantial amount of data efficiently, it provides data for an extended period of time, and it highlights the important outcome indicators (i.e., graduation and non-completer departure rates, in this example).

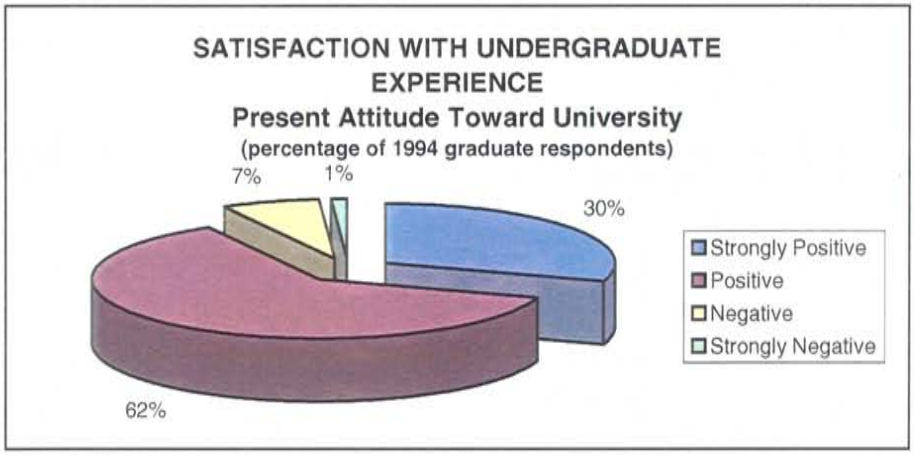
Employment Outcomes. Illinois' higher education system uses data from surveys of graduates to determine other outcomes. Primary among these are employment measures.

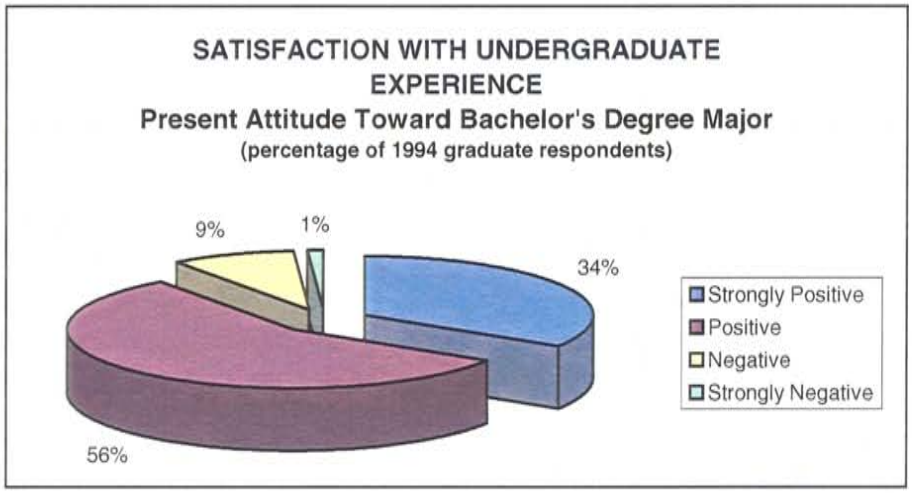
EMPLOYMENT PATTERNS (all figures percentages unless indicated)	1994 Graduates One Year After Graduation			1988 Graduates Five Years After Graduation			1984 Graduates Ten Years After Graduation		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Current Employment Status									
Full-Time	80	75	77	92	83	87	92	75	83
Part-Time	7	12	10	4	9	6	4	12	8
Not Employed, but Seeking	4	5	5	3	3	3	1	2	2
Not Employed, not Seeking	8	9	9	2	6	4	3	11	7
Primary Employer									
Self-Employed	5	5	5	6	5	6	11	10	10
Business	50	35	42	54	38	45	48	37	43
Professional Firm	10	6	8	12	7	9	10	7	8
College/University	5	5	5	4	5	5	4	6	5
Elementary/Secondary School	6	21	14	4	18	11	6	15	10
Not Employed, not Seeking	3	10	7	4	13	8	6	10	8
Health Agency	9	6	8	9	8	8	10	8	9
Government	6	1	3	3	1	2	3	1	2
Armed Services	5	11	9	4	7	6	4	5	4
Place of Employment (all respondents)									
In Illinois	57	66	62	60	66	63	57	56	56
Urban Areas Bordering Illinois	4	3	3	5	4	5	4	4	4
Out-of State	39	31	34	35	30	32	40	40	40
Place of Employment (full-time workers only)									
In Illinois	67	77	72	64	72	68	59	64	62
Urban Areas Bordering Illinois	4	4	4	5	5	5	4	5	4
Out-of State	30	19	24	31	23	27	36	31	34
Relation of Current Job to Bachelor's Degree Major									
Closely Related	45	49	48	44	49	47	44	48	46
Related	30	28	29	34	30	32	34	30	32
Unrelated by Choice	12	10	11	16	14	15	16	16	16
Unrelated Not by Choice	11	11	11	6	6	6	6	5	5
Unrelated (no further response)	1	1	1	1	1	1	1	1	1
Satisfaction with Current Job									
Very Satisfied	43	41	42	39	39	39	45	43	44
Satisfied	43	44	44	50	49	50	47	49	48
Dissatisfied	10	11	11	9	10	9	7	7	7
Very Dissatisfied	3	4	4	2	2	2	1	2	1
Average Annual Income									
All Respondents	$ 27,000	$ 22,000	$ 24,000	$ 35,000	$ 28,000	$ 31,000	$ 46,100	$ 35,000	$ 41,000
Full-Time Employed	$ 28,000	$ 23,000	$ 25,000	$ 36,000	$ 29,000	$ 32,000	$ 48,000	$ 37,500	$ 43,000

Column percentages may not total 100% due to rounding. represents highest value in category.

The table above illustrates just how much information can be presented effectively and efficiently in tabular format. And while all of the data are not reported here, these surveys provide a substantial amount of additional information, which the Board of Higher Education also disaggregates by several characteristics (income levels, educational program, race/ethnicity, etc.).

Satisfaction Ratings. Another outcome measure derived from the survey data is former students' perceptions of their educational experience. In its internal reports, the Board disaggregates satisfaction rating information by year of graduation and by employment status. For purposes of this example, this report includes only one year's information on total respondents.





Efficiency Indicators

Costs per Credit Hour. One measure of an educational system's efficiency is its cost per credit hour (cost per unit of output). As the table below indicates, Illinois' higher education system tracks these costs at four different levels. The 'Lower Division' represents freshmen and sophomores. The 'Upper Division' is juniors and seniors. The 'Graduate I' level represents those with a bachelor's degree working on master's degree, while 'Graduate II' are those with a master's degree and working on a higher degree.

Instructional Costs Per Credit Hour
(by Student Level at Public Universities)

	Lower Division	Upper Division	Graduate I	Graduate II
Fiscal 1996	$140.24	$213.09	$372.83	$546.32
Fiscal 1995	$134.38	$201.75	$360.04	$515.70

In every instance, unit costs increased from 1995 to 1996, with growth ranging from 3.6% in the lowest case (Graduate I) to 5.9% in the highest (Graduate II). The data also suggest that unit costs increase with higher levels of academic preparation. Costs per credit hour are also available for each university as well as for each academic discipline. For example, 1996 credit hour costs range from a low of $77.35 at the Lower Division in psychology to a high of $7,424.03 per credit hour at the Graduate II level in legal studies and law.

Again, it must be stressed that the above is not presented as a comprehensive or ideal model of SEA reporting. It puts forth a number of representative indicators selected to demonstrate the types of information and alternative methods of presentation possible in SEA reporting.

Explanatory Information

1. In 1961 the General Assembly established the Illinois Board of Higher Education (IBHE) to plan and coordinate Illinois' system of colleges and universities. In 1967 the legislature established a 'system of systems' under the IBHE with coordinating authority provided by the Board of Regents for three specific universities and the Board of Governors for another five universities. In 1995, the legislature abolished the latter two coordinating boards in favor of individual boards of trustees for each public university and re-structured the Board of Higher Education.

2. The Board of Higher Education requires a statement of mission, focus, and priorities for each public college and university in the state. Proposals for new programs, reviews of existing programs, and recommendations for elimination of programs are analyzed and conducted on the basis of these statements.

3. Throughout 1995 and 1996 the planning and policy development activities of IBHE centered on a cluster of themes that identified issues of concern and targeted resources broadly aimed at enhancing access to college, upgrading the skills of the Illinois workforce, strengthening the academic performance of underrepresented groups, advancing technological innovation on campus, and promoting accountability for tax dollars spent. While not included in the above report, these are examples of areas where SEA indicators might be appropriate for assessing the performance of the governing educational agency.

4. In 1991 IBHE launched the Priorities, Quality, and Productivity or 'P-Q-P' initiative. This is the vehicle the Board uses to engage higher education institutions in the task of setting priorities to achieve the dual goals of enhancing the quality of their programs while assuring taxpayers and public officials that each dollar of higher education spending was spent productively. Some examples of performance measures are included in the following charts:

FY 1996 P-Q-P Spending in Public Universities (dollars in thousands)	
Undergraduate Education	6,766
Academic Support	3,769
Salary Competitiveness	9,832
Library Support	812
Technology	4,791
Equipment	2,470
Building Maintenance	730
Other	5,392

Select P-Q-P Performance Indicators (since inception)		
Universities		
Programs eliminated		115
Programs reduced or consolidated		130
Total savings generated/reinvested (millions)	$	119.0
Community Colleges		
Programs eliminated, reduced, re-structured		260
Total savings generated/reinvested (millions)	$	122.7
Fiscal Year 1996 Reinvestments		
Total FY 1996 reinvestments (millions)	$	88.5
By public universities	$	34.6
By community colleges	$	53.9

HEALTHY MOMS/HEALTHY KIDS PROGRAM (Medicaid)

At $8.2 billion in Fiscal Year 1997, Health and Social Services is the biggest single category of the nearly $17 billion in general fund expenditures in the State of Illinois, and Medicaid is the largest single component in that category. Over the last ten years, changes in the State's general funds GAAP balance have been driven largely by the ability (or inability) to cover Medicaid liabilities as they are incurred. Improvements in the GAAP deficit in recent years can be traced directly to the reductions in the amount of Medicaid payables that are carried over from year to year under Section 25 of the State Finance Act.

This improvement has been the result of a combination of additional resources and several programmatic efforts designed to bring the costs of the program under control. One of those efforts is the Healthy Moms/ Healthy Kids program. The program is based on the recognition that simple untreated illnesses can develop into more expensive chronic conditions and that an unwillingness among providers to treat Medicaid enrolled individuals due to the State's past payment practices can turn what should have been a visit to a doctor or clinic into a much more expensive emergency room visit. In particular, the Department of Public Aid reported that "downstate women receiving case management through Healthy Moms/Healthy Kids were considered a high risk group (all low-income, 57% single and 29% teenage)". With the State moving ahead with a managed care program for persons receiving Medicaid (MediPlan Plus), a review of the service efforts and accomplishments of the Healthy Moms/Healthy Kids Program may be quite timely.

Goals and Strategies

The State initiated the Healthy Moms/Healthy Kids (HM/HK) program to improve the health of women and children. This was to be accomplished in part by specific efforts to: reduce infant mortality; expand access to primary care and preventive services; improve the health care delivery system for Medicaid-enrolled pregnant women and children; improve participation in preventive services and health outcomes of pregnant women and children; control escalating Medicaid costs; and ensure that federal Medicaid mandates (Early and Periodic Screening, Diagnostic, and Treatment--EPSDT--Program) are met. The program is based on a two-part strategy--1) using financial incentives to encourage provider participation and ensure adequate provider capacity, and 2) using community-based agencies to assist individual families in accessing health care and related services through a system of case management. (The information in this review comes from the most recent report to the Governor and the General Assembly on the Healthy Moms/Healthy Kids Program--FY 1995.)

Inputs

The Healthy Moms/Healthy Kids Program was implemented in two main elements--a managed care program in Chicago and enhanced rates and case management services downstate (but no managed care program).

Participation Statistics for the Chicago Area, FY 1995

	Children\a		Pregnant Women\b		Total
In HM/HK	209,890	52.4%	18,902	66.6%	228,792
Not in HM/HK	190,836	47.6%	9,491	33.4%	200,327
	400,726		28,393		429,119

\a--unduplicated number of Medicaid-enrolled children residing in Chicago at some point in time during FY 1995 (ages birth-20)

\b--unduplicated number of known Medicaid-enrolled pregnant women in Chicago

Primary Care Providers Participating in HM/HK Managed Care Program (Chicago)

Provider Type	FY 1994	FY 1995
Physician	1,300	1,586
Hospital-based Clinics	36	37
FQHC	45	34
Encounter Rate Clinic	6	4
Hospital Satellite Clinics	16	16
HMO Sites (4 HMOs)	137	184
Total	1,540	1,861 \c

\c--number of providers maintaining delivery privileges in FY 1995: 638

Case management providers serving clients in the managed care area were paid $12.7 million during FY 1995.

While not giving comparable numbers of total persons eligible for HM/HK downstate, the program was reportedly providing case management services to 90,719 Medicaid families in June 1995 (20,287 pregnant women; 23,998 infants; and 46,434 children over age 1). Also, "as of June 1995, there were 1,596 providers (including 865 providers having delivery privileges) who signed HM/HK Provider Agreements downstate and out-of-state".

Case management providers serving downstate families were paid $19.3 million during FY 1995.

Outputs

As noted above, one key to improving health care for children and pregnant women is to ensure that there is sufficient capacity to handle the demand for health care. Since HM/HK was started, an additional 382 physicians enrolled in Medicaid to serve pregnant women and children. As the figures below indicate for Chicago, the HM/HK Program was extremely successful in lining up substantially more doctors and clinics than would have been needed even if all of the eligible persons had enrolled in the program.

Needed and Pledged Capacity for HM/HK in Chicago, 1995

Client Type	Needed Capacity \d	Pledged Capacity
Pregnant Women	28,393	273,256
Children	400,726	831,715
	429,119	1,104,971

\d--total Medicaid-enrolled children and pregnant women, not just those enrolled in HM/HK

Enrollments of Children and Pregnant Women by Provider Type in Chicago, FY 1995

HM/HK Enrollments by Provider	Children		Pregnant Women	
Physician	55,074	26%	4,004	21%
FQHC	22,968	11%	8,208	44%
Encounter Rate Clinic	4,458	2%	2,315	12%
Hospital Clinic	19,041	9%	3,585	19%
HMO	108,349	52%	790	4%
	209,890		18,902	

In addition to lining up more providers, increased access to health care can occur if existing providers are willing to offer more services. For providers in Chicago who were participating in Medicaid prior to HM/HK, services increased as shown below:

> prenatal services per physician by 5%;
> post-partum services per physician by 6%; and
> child health services per physician by 8%.

Immunizations and lead screenings can also contribute to improved health. Since the implementation of HM/HK, there have been substantial increases in both areas. The number of doses of vaccines provided to Medicaid-enrolled children through age 2 increased six-fold between 1992 and 1995 (221,929 versus 1,363,370). In fact, more doses of vaccine were provided in 1995 alone than in the three previous years combined (1,340,414 from 1992 through 1994). Also, "[T]he number of lead screenings for children was more than 4.5 times higher in 1995 (129,344) than in 1992 (28,682)."

Outcomes

The Healthy Moms/Healthy Kids Program set forth six objectives designed to help improve the health of women and children:

- Improve the health care delivery system for Medicaid-enrolled pregnant women and children;
- Expand access to primary care and preventive services;
- Reduce infant mortality;
- Improve participation in preventive services and health outcomes of pregnant women and children;
- Control escalating Medicaid costs;
- Ensure that federal Medicaid mandates (EPSDT) are met.

The program reports significant progress in the area of improved birth outcomes. "Illinois infant mortality rate is the lowest in the state's history:

9.0 deaths per 1,000 live births. That represents a 16% decline since 1991."

In the Chicago area, when compared to newborns residing in the same area whose mothers did not participate:

- 35% fewer HM/HK neonates died or were transferred to a higher level of care hospital;
- the incidence of HM/HK babies being diagnosed "extreme immaturity or respiratory distress syndrome" was 20% lower;
- the average length of hospital stay was 17% lower for HM/HK newborns;
- babies born to HM/HK-enrolled pregnant women were more likely to be healthy (62.2% compared to 59%).

For women receiving case management downstate in FY 1994:

- had significantly better birth outcomes than the general population, even though they were a higher risk group;
- were 30% less likely to give birth to a premature, very low birth weight (VLBW) baby than the non-HM/HK population;
- teens were 77% less likely to give birth to a premature baby as compared to teens not enrolled in HM/HK;
- single pregnant women not in HM/HK were more than twice as likely to have a premature infant as compared to HM/HK-enrolled women.

The program also reported success in improving access to and participation in health care services:

- women who were enrolled in HM/HK managed care (Chicago) at the end of their pregnancies received more prenatal care, on average, than those on Medicaid in 1992 and 1993 who were not in HM/HK, and were less likely to have no prenatal care;
- downstate, about two-thirds of the women who participated in HM/HK during pregnancy began prenatal care in the first trimester of pregnancy and nearly three-fourths were in compliance with the recommended prenatal care visits.

In addition to improving access to primary care providers, the program also resulted in many referrals to specialists in the Chicago managed care program. In FY 1995, these referrals included 1,090 infants (under age 1) and 8,999 children (age 1-20). The number of pregnant women referred to specialists was 4,174. (These figures understate the total number of referrals because they exclude the number of referrals to specialists by HMOs, as that data was not available to the Department of Public Aid.)

When measured by the participation rate in the EPSDT program, there has been a clear increase in child health services. Between Federal Fiscal Years (FFY)1992 and 1995, the participation rate for all children (birth to age 20) nearly tripled, rising to 75.2% from an estimated 26.3%.

- Before HM/HK (FFY 1990), Illinois' EPSDT participation rate was estimated at 26.3%. In FFY 1992, 41.3% of Medicaid enrolled children (birth -20) received EPSDT services.
- In FFY 1993, 45.9% of Medicaid-enrolled children received EPSDT services (80.8% under age 1). In states with Medicaid populations over 1 million, Illinois' EPSDT participation ratio was the highest.
- In FFY 1994, Illinois had the highest EPSDT participation ratio as compared to all other FFY reporting periods. With a total population of 1,027,707 children (birth-20) enrolled in Medicaid, the overall participation rate was 72.3%.
- Also in FFY 1994, IDPA exceeded the FFY 1995 Health Care Financing Administration (HCFA)-established 80% participation goal in the under age 1 (86.1%) and the 15-20 age groups. The state is on target with meeting the HCFA participation goals in the 6-14 age group and demonstrated improvement in the participation ratio for the age 1-5 group.

As noted earlier, there has been a dramatic increase in the number of doses of vaccine

provided for Medicaid enrolled children, and that increase is reflected in the following observations.

- The proportion of 2-year olds who were fully immunized by public health clinics downstate increased 25% since 1992. While several programs can be credited for the increase, downstate immunization rates have improved with the implementation of HM/HK.
- The rates of timely immunizations among 2- and 4-month olds were higher for children enrolled in the managed care program as compared to Medicaid children residing in the same area in previous years, before HM/HK.

Efficiencies

"Department data show that HM/HK reduced hospital costs for newborn births in Fiscal Year (FY) 1994.

- There was a 31 percent cost savings to the Department for births to HM/HK managed care enrolled pregnant women as compared to those that were not HM/HK enrolled;
- If all Medicaid pregnant women in Chicago were in HM/HK, it is estimated that Illinois would have saved approximately $30 million in reduced hospital costs."

STATE EMPLOYMENT AND TRAINING PROGRAMS

(A Common Set of Indicators Exercise)

One of the frustrations of the average taxpayer is understanding the maze of government programs designed to achieve some general purpose or end. It is not uncommon to find an array of programs, serving the same or similar clients, stipulating different eligibility requirements, underwritten by diverse funding sources, and operated by multiple government agencies. This situation almost guarantees that there will also be as many different ways of assessing service efforts and accomplishments (SEA). Government-funded employment and training programs are a paramount example.

The primary purpose of reporting service efforts and accomplishments is to help those interested in determining what government accomplished and at what cost. One way to think about SEA is to consider its impact at the broader, functional level (e.g., state-funded employment and training programs). Historically, this has not been possible, given the situation described above.

Several years ago, a group of Illinois agencies engaged in employment and training programs undertook a pilot initiative to address this situation. Since they were all involved in 'employment and training,' their challenge was to determine whether they could agree on a common set of indicators of service efforts and accomplishments for the employment and training enterprise of state government. Instead of the myriad of diverse indicators dictated by their various legislative mandates and funding sources, these agencies are working to establish a common set of indicators on which each agency can report. SEA measures of individual programs are necessary for a variety of reasons and will continue to be collected and reported. But if successful, the Illinois Common Performance Management System (ICPMS) of these participating agencies and programs would provide a picture of the efforts and accomplishments of all employment and training programs taken together, rather than measures of individual programs. Such an achievement would itself be unique among states.

By way of background, there are 9 agencies or programs participating in this demonstration project. They include the Prairie State 2000 Authority; Illinois State Board of Education (adult and vocational education); Job Training Partnership Act; Illinois Departments of Employment Security, Human Services, and Corrections; Illinois Community College Board; and the Taylor Institute. 'Employment and training programs' refers to those programs involving post-secondary training or re-training of the existing workforce. It does not include elementary or secondary education.

It should be noted that this is an experimental, demonstration project which is currently under development. The project is only now receiving its first data reports, which must at this stage be considered highly preliminary. Because representatives of agencies participating in the demonstration project are only getting their first look at the report outputs, it would be a mistake to draw any conclusions from such tentative, trial data. Rather, the measures and information which follow have been included to exemplify and demonstrate the potential characteristics and benefits of SEA reporting for a major functional area of state government such as employment and training. This model is of particular relevance to the Governmental Accounting Standards Board (GASB) and its goal of attempting to develop 'common' measures.

Inputs

The ideal SEA reporting model begins with the resources put into the program. At a minimum these include program funding. Because the initial emphasis of this demonstration project has been on output and outcome indicators, resource and cost information has not yet been integrated into the data collected and reported and

is not available for this report. For a variety of methodological reasons (e.g., what costs to include, how to allocate administrative costs, etc.), capturing real program costs may prove difficult, and the future directions and emphasis of the demonstration project are unknown at this time.

Outputs

The primary outputs reported by ICPMS are the number of participants and the number of program completers. The definitions used by the system are the respective definitions used by each individual agency or program. The number of program participants and completers is available for each individual agency or program, but the purpose of this report is to speak to the employment and training function at the aggregate level. The system generates figures for both 'total participants' and an 'unduplicated count of participants,' because some participants are enrolled in more than one program (e.g., a Job Service client enrolled in a community college vocational education program).

ICPMS Participant Data		
	FY 1994	FY 1995
Total Participants	1,116,298	1,123,608
Unduplicated Participants	995,402	1,005,466
Program Completers	371,385	N/A

In addition to total numbers, ICPMS also generates disaggregations on participants and completers by race/ethnicity, sex, age, and geographic area of the state.

Outcomes

ICPMS has emphasized the definition and collection of data on program outcomes. This has been both the core focus and the major challenge of the project. Unlike the terms 'program participants' and 'completers,' which retain each individual agency's definition, the purpose of the project is to achieve consensus on not only appropriate program outcomes, but their definitions as well. The project has demonstrated a remarkable degree of progress and success toward this end, as evidenced by the following major outcome indicators:

ICPMS Welfare Reduction Measures

- **Welfare Reduction Rate** - Percent of participants who were active AFDC clients during the first quarter of fiscal year 1994 who experienced a reduction in their welfare grant due to employment.

- **Substantial Welfare Reduction Rate** - Percent of participants who were active AFDC clients during the first quarter of fiscal year 1994 who experienced a substantial (more than $1,000) reduction in their welfare grant due to employment.

- **AFDC Cancellation Rate** - Percent of participants who were active AFDC clients during the first quarter of fiscal year 1994 who experienced a cancellation of their AFDC benefits due to employment.

- **AFDC Termination Rate** - Percent of participants who were active AFDC clients during the first quarter of fiscal year 1994 who experienced a cancellation of their AFDC benefits due to employment, with no return to AFDC during the observation period.

- **Recidivism Rate** - Percent of AFDC cancellations that occurred during the observation period where there was a return to AFDC.

- **Average Cost Avoidance/Reinvestments per Participant** - Average AFDC cost avoidance/reinvestments (actual and projected) per participant who received AFDC sometime during fiscal year 1994.

- **Cost Avoidance/Reinvestment** - Aggregate AFDC cost avoidance/reinvestments (actual and projected) for all participants who received AFDC sometime during fiscal year 1994.

ICPMS Welfare Reduction Measures
FY94 and FY95 CPMS/AFDC Program Participants

Measures	Two-Year Observation Period (FY94 - FY95)	Two-Year Observation Period (FY95 - FY96)
Welfare Reduction Rate	36.4%	45.2%
Substantial Welfare Reduction Rate	12.2%	17.5%
AFDC Cancellation Rate	13.5%	15.0%
AFDC Termination Rate	8.4%	12.3%
Recidivism Rate	37.6%	19.7%
Average Cost Avoidance/Reinvestments per Participant	$663	$917
Cost Avoidance/Reinvestment	$150,084,003	$211,879,004
First Quarter Participants	186,846	196,059
Total Participants	226,288	231,145

Source: Center for Governmental Studies, Northern Illinois University

ICPMS Employment and Earnings Measures

- **Placement/Employment Rate** - Number of all program completers who, in the first or second full quarter after leaving the program, had reported earnings under the Unemployment Insurance (UI) system that met the minimum earning criteria as the percent of all program completers.

- **Short-Term Retention Rate** - Number of all program completers who, in the fourth or fifth full quarter after leaving the program, had reported earnings under the Unemployment Insurance (UI) system that met the minimum earning criteria as the percent of all program completers who, in the first or second full quarter after leaving the program, met the minimum earning criteria.

- **Long-Term Retention Rate** - Number of all program completers who, in the eighth or ninth full quarter after leaving the program, had reported earnings under the Unemployment Insurance (UI) system that met the minimum earning criteria as the percent of all program completers who, in the first or second full quarter after leaving the program, met the minimum earning criteria.

- **For Completers Employed in 1st or 2nd Post Quarter**

  Average Earnings 4th Quarter - Sum of the wages earned during the fourth full post-program quarter by individuals who are identified as employed in the placement/employment measure divided by the total number of those individuals.

  Average Earnings 8th Quarter - Sum of the wages earned during the eighth full post-program quarter by individuals who are identified as employed in the placement/employment measure divided by the total number of those individuals.

- **For Completers Meeting Minimum Earnings Criteria in the Quarter**

  Average Earnings 4th Quarter - Sum of the wages earned during the fourth full post-program quarter by program completers who had reported earnings under the Unemployment Insurance (UI) system that met the minimum earning criteria during that quarter divided by the number of those individuals.

  Average Earnings 8th Quarter - Sum of the wages earned during the eighth full post-program quarter by program completers who had reported earnings under the Unemployment Insurance (UI) system that met the minimum earning criteria during that quarter divided by the number of those individuals.

ICPMS Employment and Earnings Measures

Comparison of FY93 and FY94 Program Completers

Measures	FY 93	FY 94
Placement/Employment Rate	49.1%	54.1%
Short-Term Retention Rate	79.2%	82.6%
Long-Term Retention Rate	78.1%	76.4%
Completers Employed in 1st or 2nd Post Quarter		
Average Earnings 4th Quarter	$3,320	$3,523
Average Earnings 8th Quarter +	$3,522	$3,520
Completers Meeting Minimum Earnings Criteria in Quarter#		
Average Earnings 4th Quarter	$4,009	$4,269
Average Earnings 8th Quarter +	$3,319	$4,547
Total Completers	409,686	371,385
Completers with CPMS Placement/Employment	201,203	200,747
Completers Employed in 4th Post-Program Quarter	182,386	179,112
Completers Employed in 8th Post-Program Quarter	9,180	179,665

Source: Center for Governmental Studies, Northern Illinois University

\# Minimum earnings requirement is $1,105 (13 weeks at 20 hours per week at hourly minimum wage of $4.25).

\+ Figures based on those completers who had a full eight quarters of post-program data.

ICPMS Additional Employment and Earnings Measures

- **Any Placement/Employment** - Number of all program completers who, in the first or second full quarter after leaving the program, had reported earnings under the Unemployment Insurance (UI) system as the percent of all program completers.

- **Short-Term Retention (Any)** - Number of all program completers who, in the fourth or fifth full quarter after leaving the program, had reported earnings under the Unemployment Insurance (UI) system as the percent of all program completers who, in the first or second full quarter after leaving the program, have reported earnings.

- **Long-Term Retention (Any)** - Number of all program completers who, in the eighth or ninth full quarter after leaving the program, had reported earnings under the Unemployment Insurance (UI) system as the percent of all program completers who, in the first or second full quarter after leaving the program, have reported earnings.

- **Any Employment 1st Post Year** - Number of program completers who had reported earnings under the Unemployment Insurance (UI) system during the first four full post-program quarters as the percent of all program completers.

- **Any Employment 1st or 2nd Post Year** - Number of program completers who had reported earnings under the Unemployment Insurance (UI) system during the first eight full post-program quarters as the percent of all program completers.

- **First Post Year**

  Average Quarters Worked - Average number of quarters worked by program completers who had reported earnings under the Unemployment Insurance (UI) system during the first four full post-program quarters as the percent of all program completers.

  Continuous Work - Number of program completers who had reported earnings under the Unemployment Insurance (UI) system in each of the first four full post-program quarters as the percent of all program completers.

  Aggregate Earnings - Sum of the earnings reported under the Unemployment Insurance (UI) system for program completers during the first four full post-program quarters.

  Average Earnings per Completer - Sum of the earnings reported under the Unemployment Insurance (UI) system for program completers during the first four full post-program quarters divided by the total number of program completers.

  Average Earnings per Quarter Worked - Sum of the earnings reported under the Unemployment Insurance (UI) system for program completers during the first four full post-program quarters divided by the number of quarters for which wages were earned.

- **First and Second Post Year**

  Average Quarters Worked - Average number of quarters worked by program completers who had reported earnings under the Unemployment Insurance (UI) system during the first eight full post-program quarters as the percent of all program completers.

  Continuous Work - Number of program completers who had reported earnings under the Unemployment Insurance (UI) system in each of the first eight full post-program quarters as the percent of all program completers.

Sum of Earnings - Sum of the earnings reported under the Unemployment Insurance (UI) system for program completers during the first eight full post-program quarters.

Average Earnings per Completer - Sum of the earnings reported under the Unemployment Insurance (UI) system for program completers during the first eight full post-program quarters divided by the number of individuals earning those wages.

- **Average Earnings per Quarter Worked** - Sum of the earnings reported under the Unemployment Insurance (UI) system for program completers during the first eight full post-program quarters divided by the number of quarters for which wages were earned.

- **Any Continuing Education** - Number of program completers who are continuing their education during the academic year following their program completion as the percent of all program completers.

- **Earnings Above Poverty Level** - Number of program completers who had reported earnings under the Unemployment Insurance (UI) system during the first four full post program quarters that was greater than or equal to $7,710 (1994 poverty level for individuals under age 65 with no dependents).

ICPMS Additional Employment and Earnings Measures

FY94 Program Completers

Measures	Results
Any Placement/Employment	68.5%
Short-Term Retention (Any)	85.2%
Long-Term Retention (Any)	79.2%
Any Employment 1st Post Year	75.5%
Any Employment 1st or 2nd Post Year	81.6%
First Post Year	
Average Quarters Worked	2.4
Continuous Work	45.2%
Aggregate Earnings	$2,973,593,015
Average Earnings per Completer	$8,007
Average Earnings per Quarter Worked	$2,922
First and Second Post Year	
Average Quarters Worked	4.82
Continuous Work	35.4%
Sum of Earnings	$6,250,079,090
Average Earnings per Completer	$16,829
Average Earnings per Quarter Worked	$3,123
Any Continuing Education	16.6%
Earnings Above Poverty Level	38.2%
Total Completers	371,385
Completers with Any Placement/Employment	280,391

Source: Center for Governmental Studies, Northern Illinois University

Efficiency/Cost Effectiveness

An important measure of service efforts and accomplishments is the efficiency or cost effectiveness of the program. These measures seek to relate program costs with program outputs or outcomes. In the employment and training function, there are any number of potential measures. What is the average cost per program participant? How much did it cost to train participants placed in employment? How long will it take the state to recover its investment through taxes paid by participants placed in employment? What is the state's return-on-investment? These are examples of efficiency or cost-effectiveness measures.

Program costs are a necessary component of efficiency or cost-effectiveness measures: without cost data or information it is impossible to determine the efficiency, cost-effectiveness, or productivity of a program. As noted above, because cost information is not available at this time in this demonstration project, efficiency or cost-effectiveness measures are not available in this report. If the methodological challenges could be resolved within the bounds of existing information technology and at a reasonable cost, efficiency or cost-effectiveness measures would significantly improve both the quantity and quality of information available on the state's employment and training function.

Explanatory Information

1. In reviewing both the performance indicators and the data measuring those indicators, it cannot be overly stressed that ICPMS is a demonstration project. While the data is based on real participants, this is a system in its developmental stages. As is the case in any attempt at developing, measuring, and reporting SEA indicators, some approaches which initially appeared promising may have to be abandoned for any variety of reasons (e.g., validity of the indicators, reliability of the data, methodological problems, etc.).

2. It is extremely important to understand the nature of these indicators and data. In the absence of both a careful reading of the indicator definitions and comprehension of the methodology for generating the data, the risk of misinterpreting the data increases. One example in this report is the 'cost avoidance/reinvestment' indicator. In simpler terms this may be interpreted as welfare cost savings. Because of the possibility of misinterpretation, however, the system's designers deliberately have avoided the use of that terminology. First, as the definition notes, the determination of this measure employs both actual and projected calculations. Second, the data is a measure of what welfare costs could have accrued in the absence of the programs' intervention. There is no representation either that these costs would have been incurred or that they represent budget surpluses in the welfare system.

ELEMENTARY AND SECONDARY EDUCATION

Numerous factors play a role in the ultimate goal of enabling children to achieve to their fullest potential within the public education setting in Illinois. A review of many of these factors, be they inputs such as monetary and human resources, outputs such as dropout and attendance rates or outcomes such as test scores, may provide insight into the efficiencies and accomplishments of the public education delivery system.

Inputs

The supply of basic resources infused into the delivery system for public education include funding, student enrollment, school districts and the number of schools within districts, and human resources such as administrators and teachers.

Certainly the most basic of resources is funding which totaled $13.189 billion from all sources for the school year 1996-97, an increase of $2.773 billion or 26.6% over school year 1992-93. On average, school funding has increased by $693 million or 6.7% over each of the last four fiscal years.

This level of funding supports an education system inhabited by 1,974,388 students in the 1996-97 school year, an increase of 96,903 or 5.2% since the 1992-93 school year. Guidance for the nearly two million public school students in Illinois is provided by 7,209 administrators and 115,644 teachers throughout the 903 school districts containing 3,836 schools.

Elementary and Secondary Education Revenues ($ in Billions)

	School Year				
	1992-93	1993-94	1994-95	1995-96	1996-97
State	$3.475	$3.612	$3.793	$3.995	$4.305
Local	$6.078	$6.453	$6.841	$7.340	$7.731
Federal	$0.863	$0.901	$1.080	$1.123	$1.153
Total	$10.416	$10.966	$11.714	$12.458	$13.189

Public School Enrollment

School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
1,877,785	1,898,494	1,920,289	1,948,089	1,974,388

Public School Administrators

School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
6,854	6,777	6,924	7,089	7,209

Public School Teachers

School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
106,970	106,461	108,557	111,279	115,644

Number of Public Schools

School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
3,875	3,874	3,825	3,821	3,836

Number of Public School Districts

School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
929	922	913	905	903

Outputs

Examples of outputs of the elementary and secondary education system include dropout rates, student attendance rates, number and rate of chronic truancy, and graduation rates. While the dropout rate, chronic truancy rate and number of chronic truants have increased slightly over the last five school years, so have attendance and graduation rates.

Dropout Rate

School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
6.2%	7.0%	6.8%	6.5%	6.4%

Attendance Rate

School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
93.4%	93.2%	93.4%	93.5%	93.8%

Chronic Truancy Rate

School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
2.2%	2.4%	2.4%	2.3%	2.3%

Number of Chronic Truants

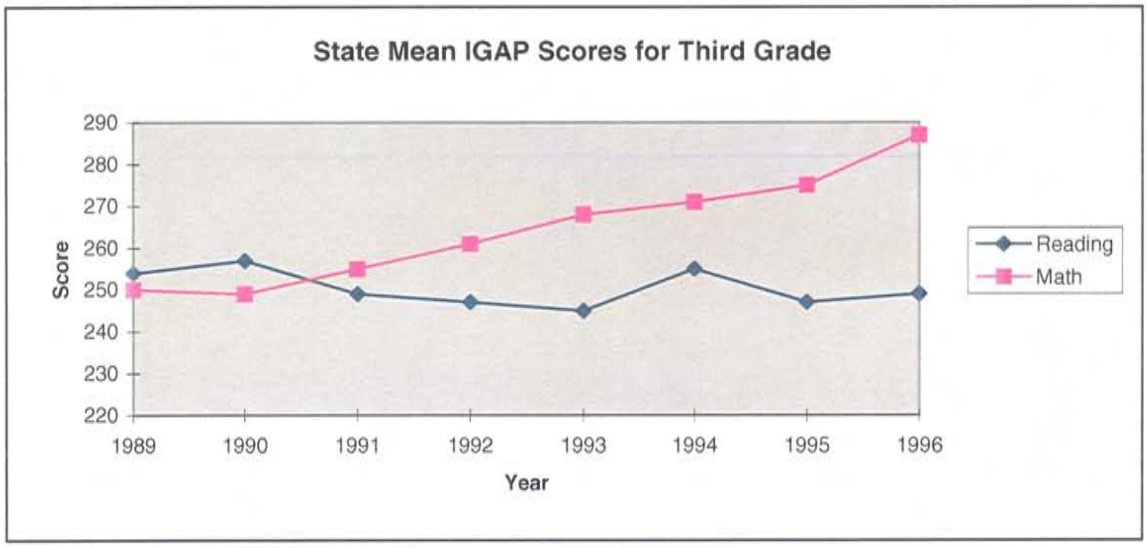
School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
38,599	42,314	43,666	42,974	42,546

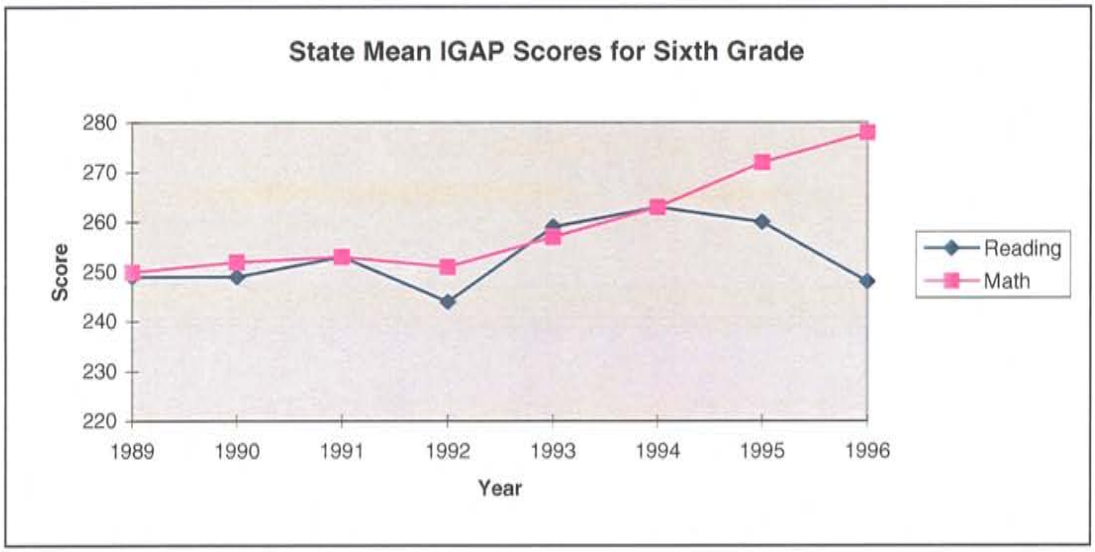
Graduation Rate

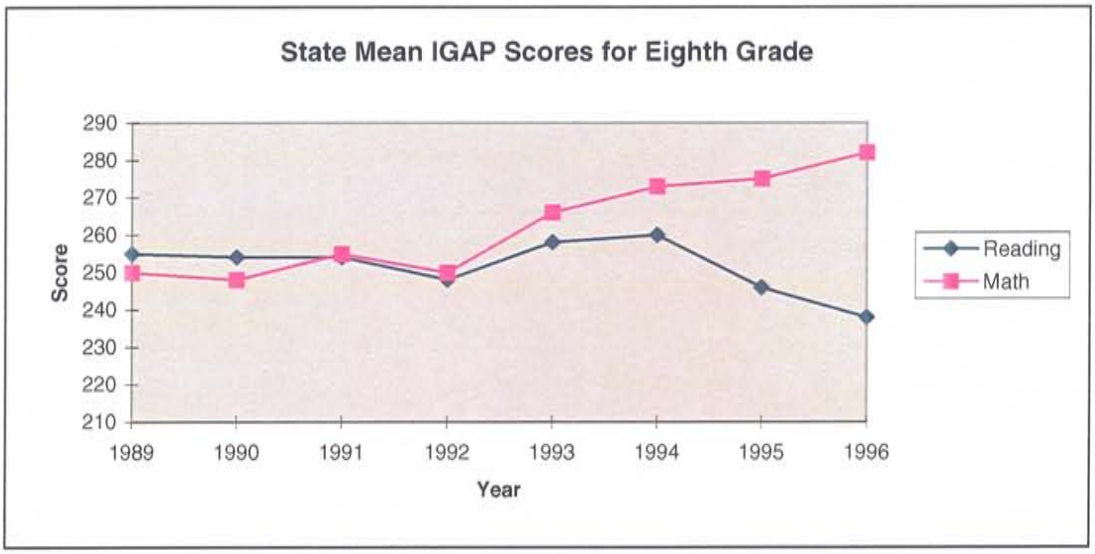
School Year				
1992-93	1993-94	1994-95	1995-96	1996-97
81.4%	78.0%	80.7%	80.5%	81.6%

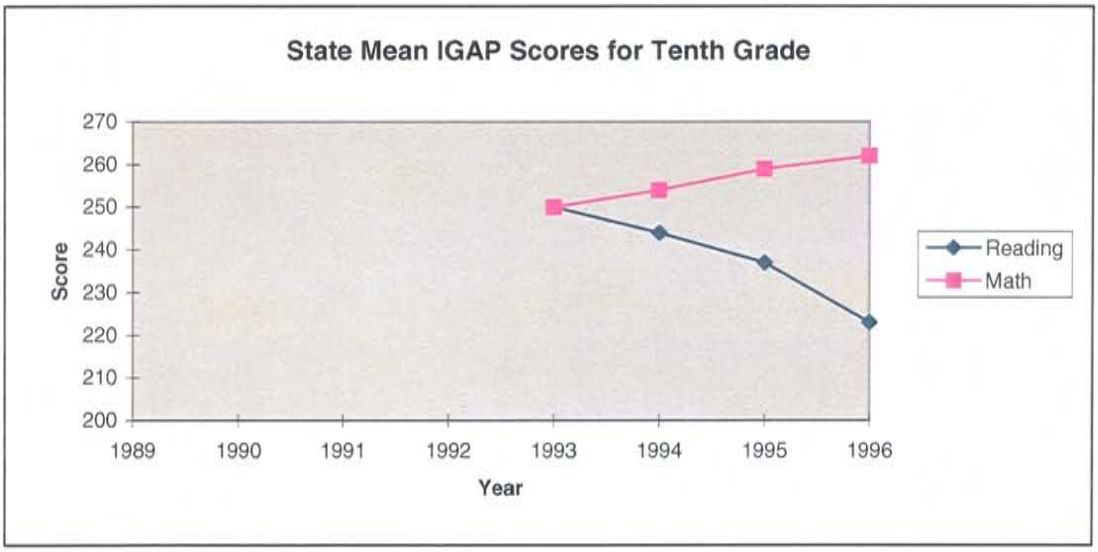
Outcomes

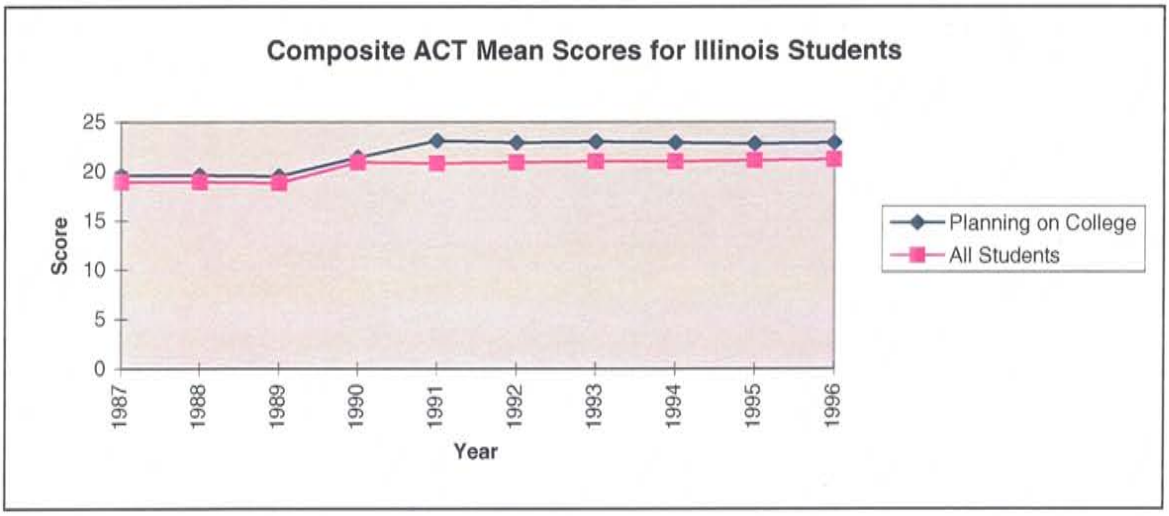
Despite the substantial amount of resources dedicated to public education, few indicators as to the impact of this investment exist. Two examples of outcomes, IGAP and ACT test scores are charted below. IGAP data reveal that while the performance of Illinois public education students in mathematics is on the rise, reading performance is not keeping pace. At the same time, state mean scores on ACT tests by Illinois students reflect substantial increases between 1989 and 1991 before leveling off.


State Mean IGAP Scores for Third Grade
290
280
270
260
250
240
230
220
Score
1989
1990
1991
1992
1993
1994
1995
1996
Year
Reading
Math


State Mean IGAP Scores for Sixth Grade
280
270
260
250
240
230
220
Score
1989
1990
1991
1992
1993
1994
1995
1996
Year
Reading
Math


State Mean IGAP Scores for Eighth Grade
290
280
270
260
250
240
230
220
210
Score
1989
1990
1991
1992
1993
1994
1995
1996
Year
Reading
Math


State Mean IGAP Scores for Tenth Grade
270
260
250
240
230
220
210
200
Score
1989
1990
1991
1992
1993
1994
1995
1996
Year
Reading
Math


Composite ACT Mean Scores for Illinois Students
25
20
15
10
5
0
Score
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
Year
Planning on College
All Students

WELFARE-TO-WORK

Effective for fiscal year 1998, the federal Aid to Families with Dependent Children (AFDC) Program was replaced by the Temporary Assistance for Needy Families (TANF) Program. TANF represents a major restructuring of welfare programs. Rather than being a largely open-ended entitlement program with little recipient responsibility required, the new system aims to move people from welfare to work in a process that turns recipients into clients with increased responsibility for their own sufficiency.

Where work was once optional, it is now mandatory. Because the focus of TANF is on transitional services and self-sufficiency, the program requires most clients to work or participate in work-related activities and limits the time that clients can receive benefits.

The onset of federal welfare reform coincides with the creation of the State of Illinois' new Department of Human Services (DHS) which consolidates all of three agencies (Departments of Alcohol and Substance Abuse, Mental Health and Developmental Disabilities, and Rehabilitation Services) and portions of three other agencies (Departments of Public Health, Children and Family Services and Public Aid). The new DHS emphasis will be on providing a "one-stop-shopping" integrated system to help clients plan and achieve their self-sufficiency goals.

Illinois' TANF plan incorporates successful components of existing federal waiver and state programs (Earnfare, Fresh Start/Work Pays, Work and Responsibility, Targeted Work Initiative and Get a Job, and Work First). It was developed in consultation with state and local governments, public and private entities, and the general public - a fact that drew praise from advocacy groups.

While some TANF clients are exempt from working, most of the caseload (about 85%) must meet certain employment requirements. These include:

- Participate in planned work, work preparation, or community volunteering
- Working for at least 20 hours per week while in training or adult education after the first two years of enrollment
- Working for at least 20 hours per week while in post secondary education that is more than one year of vocational education

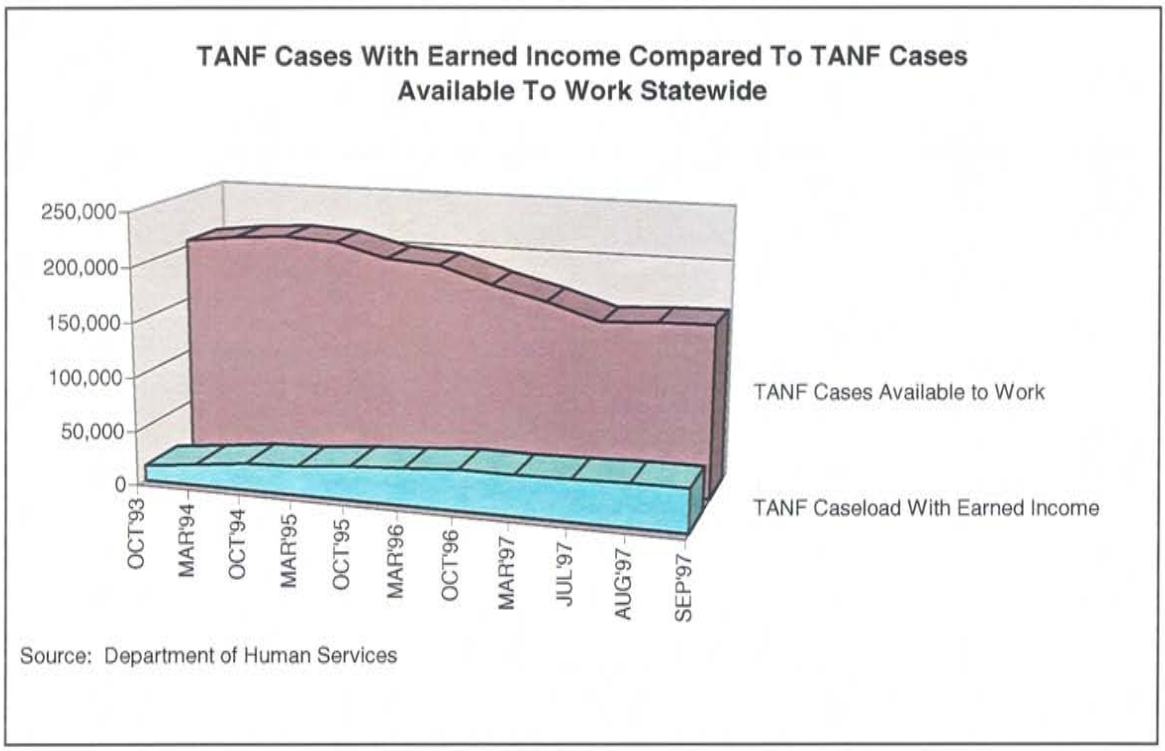
Collectively, the DHS efforts to move TANF clients to self-sufficiency are referred to as welfare-to-work. The following illustrations focus only on the welfare-to-work portion of TANF.

Outputs and Outcomes

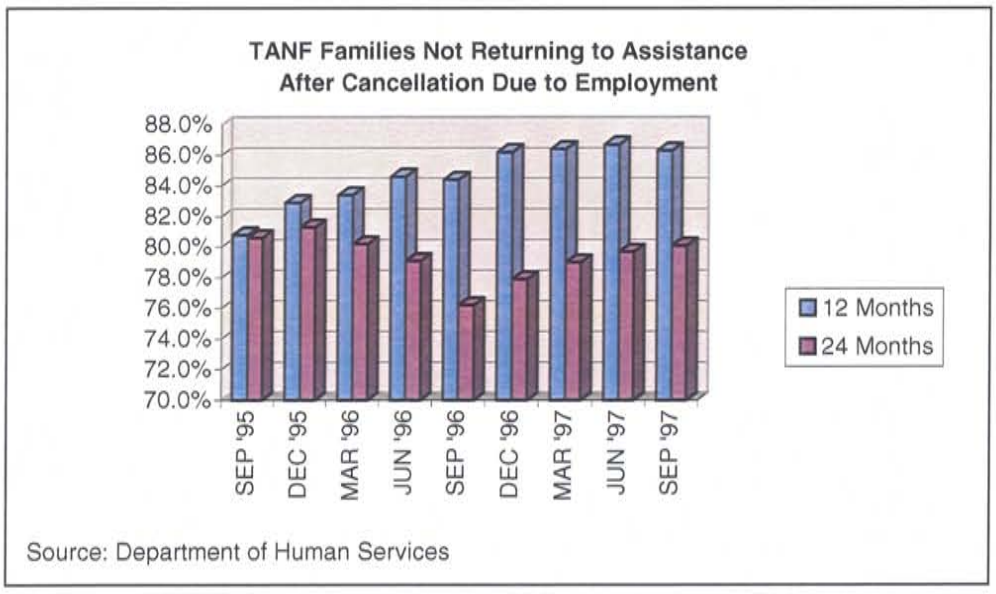
It is often difficult to distinguish between outputs and outcomes (results). To one observer, the number of clients served might be considered an output while another might view the same information as a measure of results.

Like many government programs, no single statistic can adequately measure the results of state welfare-to-work efforts. While this illustration looks at only three measures, there are likely dozens of ways to slice the same information.

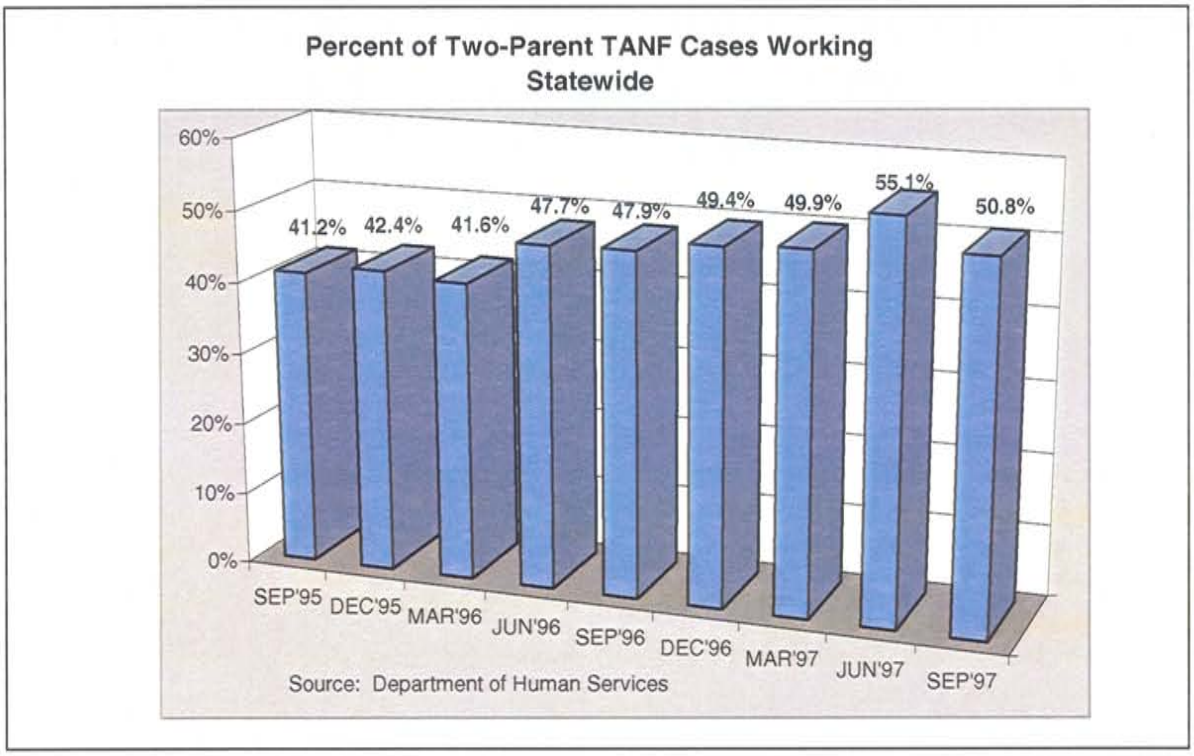
One group of indicators that provides insight is the change in the numbers of TANF cases available for work, and cases employed. This provides two useful pieces of comparative information. First is the department effort to open and close cases and to move cases toward self sufficiency. Second is the fact that the number of cases available to work has been declining for almost three years.



Under welfare-to-work, the emphasis is on moving cases into employment so that they eventually earn enough income to be removed (canceled) from the public assistance roles. An interesting indicator of welfare-to-work efforts is the percent of these cases (families) that have not returned to public assistance after having been removed from the roles due to employment. This measure not only provides information about the program's successes, but also about recidivism.



The final measure presented here concerns the percent of two parent cases that are employed. This measure is important because both the federal government and DHS have high expectations for this group.



Inputs and Efficiency Measures

There are two noteworthy components missing from these illustrations. The first is input measures. Without these, it is not possible to demonstrate efficiency measures. For programs such as welfare-to-work that deal with the modification of human behavior, input and efficiency measures must be viewed much differently than the same measures for more production-oriented programs such as road construction. In other words, changes in physical capital are much easier to measure than are changes in human capital.

Typically, input measures might include program revenues, operational and grant spending, numbers of administrative and program staff, and staff hours to operate a program. Due partly to the dramatic reorganization that created the Department of Human Services and the changed emphasis resulting from welfare reform, relevant input measures are undergoing dramatic redefinition as is their expected causal relationship to outcomes and results.

Environmental Factors

Welfare-to-work statistics can be affected by a number of factors. Some of these are within the control of state government, others are not. Factors that are within the control of state government include changes in state-specific eligibility requirements where allowed under federal law, state funding levels, and staffing. Factors that are beyond the state's control include changes in federal program mandates, federal funding, and the economy. Meaningful conclusions cannot be drawn without looking at the numerous environmental factors that impact program performance.

A good example of the importance of getting behind the numbers can be found in the data on the number of TANF cases actually employed. The graph presented above allows the reviewer to

answer several important questions. Is the number of cases available to work increasing or decreasing? Is the number of employed cases growing or declining? Is the resulting percentage increasing or decreasing? However, this data does not reveal why the numbers are changing. As a result, this data by itself might be of limited use. In fact, drawing conclusions about program results based solely on the face of the numbers can be quite misleading.

For example, the numbers do not show the impact of the collective mix of client skills. Each TANF client has a mix of aptitude, work experience, attitude, and educational background. Clearly, the collective mix of these skills will impact the program's employment efforts. If the mix is skewed toward clients that are easy to employ, the results of the program will be much different than if the mix is more heavily weighted toward those that are hard to employ.

Most observers would agree that the economy should have both positive and negative impacts on the number of TANF cases. But the numbers themselves do not indicate whether the economy is growing or shrinking. Nor do the numbers tell whether there has been a change in state or federal policy.

Should a change in the numbers resulting from a tightening of the eligibility requirements be considered an indication of improved program results? By the same token, should a decrease in the percentage of employed cases resulting from a loosening of program requirements be considered a deterioration in results? While those decisions must be ultimately left to the reviewer, the impact of environmental factors should be made an explicit part of any evaluation of the performance of welfare-to work programs.

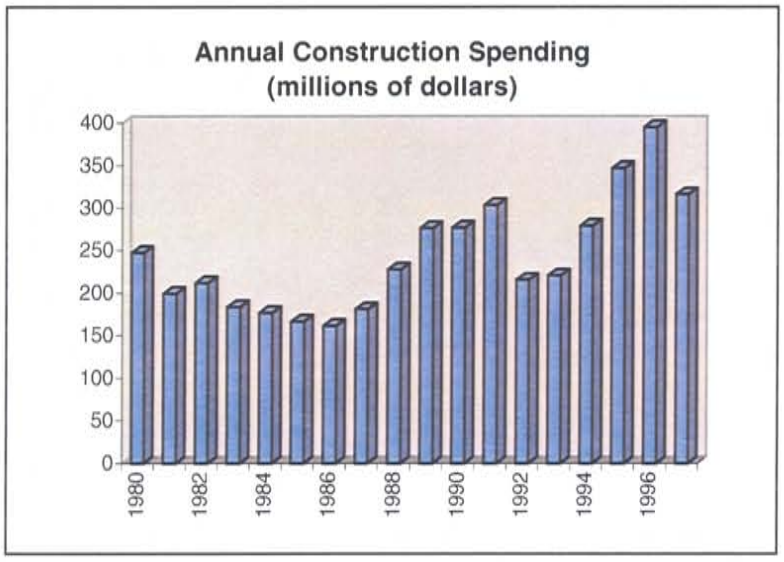
CAPITAL DEVELOPMENT BOARD

The Capital Development Board (CDB) oversees contracts for the construction, remodeling, and rehabilitation of state-owned facilities. Most would agree that this is a complex business, and there are potentially unlimited indicators and measures of performance. The CDB collects data on any number of measures which it uses for internal management purposes. The measures highlighted below are the indicators of primary interest to the General Assembly and the Bureau of the Budget and are therefore appropriate examples for external reporting of service efforts and accomplishments (SEA). While several of these measure are deceptively simple, they serve to exemplify how even limited, easily understood indicators and data can communicate substantial information about the performance of government. They are not presented as a set of comprehensive or even necessarily the best indicators. Rather, they represent an example of this agency's current efforts in SEA definition, measurement, and reporting.

CDB currently spends slightly over $300 million annually on construction projects and another $9 to $10 million on administrative operations. Its primary business is managing construction projects, but it manages 'other' projects as well, such as equipment or land purchases. Because the CDB maintains data back to 1980, it is possible to examine trends and changes in its performance indicators over an extended period of time. All data in this report were provided by the CDB.

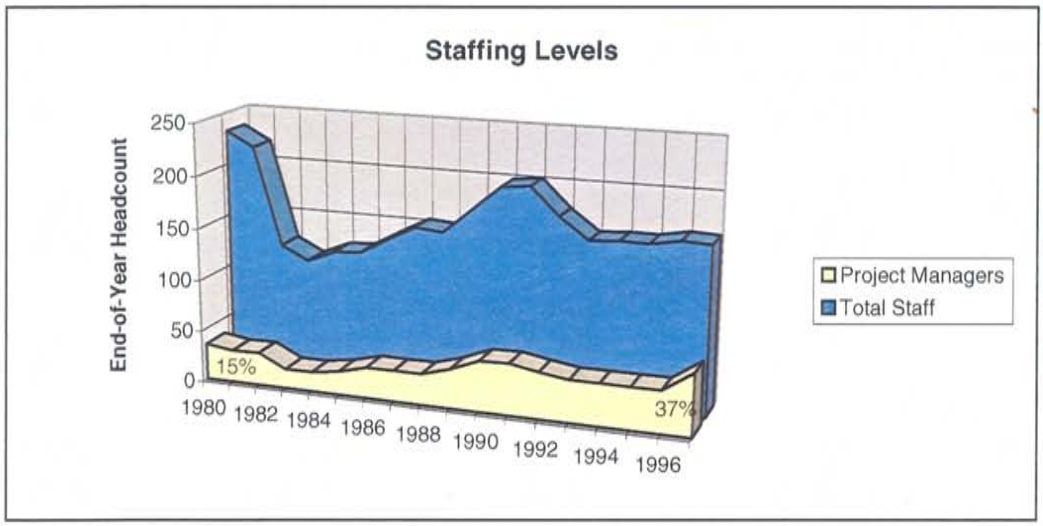
Inputs

The most basic of input indicators is spending for the services provided. CDB tracks its annual spending on construction projects. This total spending includes both new appropriations and re-appropriations for projects previously authorized in prior years.



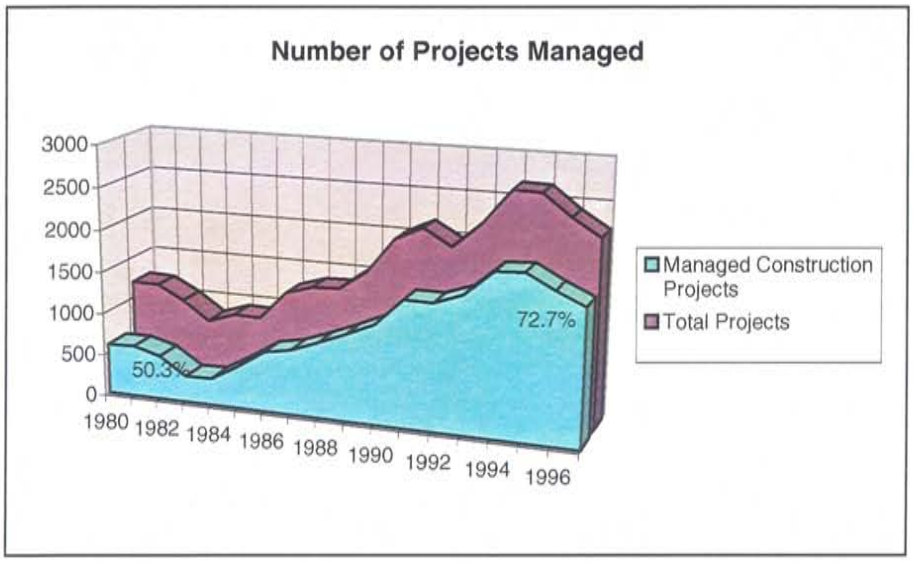
A second input indicator is the number and composition of agency staff. Overall headcount levels have declined substantially since 1980. Also, the composition of the staffing has changed -- the amount of resources allocated to 'project staff' has increased, even while overall staffing levels have decreased. 'Project staff' are the staff responsible for directly managing projects, while the remaining staff are administrative or support staff (finance, information systems, etc.). Over a period during which the agency's staff resources were declining, more of these resources were

being allocated to direct staff as opposed to indirect administrative overhead. In 1997 project managers comprised 37% of total staff compared to only 15% in 1980.



Outputs

Outputs measure workload. The CDB's business is to manage capital development projects. Whatever the possible range of activity or workload measures, it is reasonable to assume that the number of projects managed would be a basic measure.



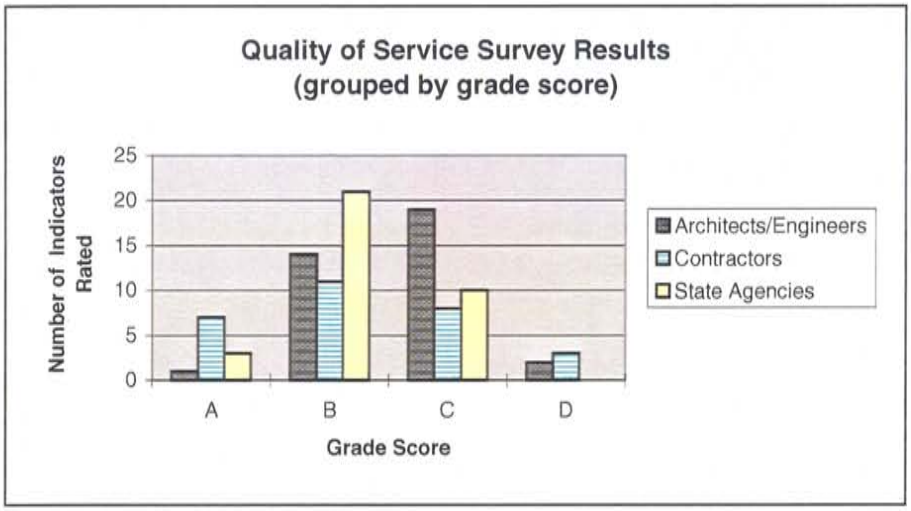
The simple data displayed above, reflects how workload has changed over the years. Only half of the total projects were construction projects in 1980, whereas almost three-fourths of total projects were construction projects by 1997.

Outcomes

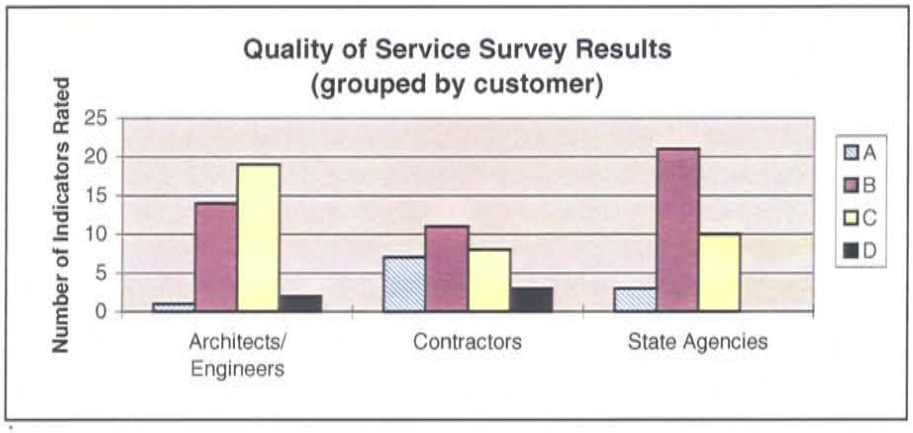
The CDB invests considerable energy and effort in gauging the quality of its services, operating a full-time unit dedicated to measuring and reporting survey results on the service quality. The indicators and data collected and reported by the Board provide an example of how quality of

service can represent an effective outcome indicator.

The Board surveys three groups of 'customers' which use and depend on the quality of its services: architects/engineers, construction contractors, and state agencies. Each of these groups rate their satisfaction with the Board's services on a broad array of 'needs': 36 in the case of architects/engineers, 29 for contractors, and 34 needs for state agencies. Each need is then scored from the responses received, and the scores of the individual needs are then ranked in terms of 'grades' (i.e., A, B, C, etc.). The CDB also scores the total of 75 different needs in terms of their importance to each group, although these data have not been included in this report. The raw survey data and methodology are rather complex, but the following displays reflect a summary of the results:



Slightly altering the presentation provides a somewhat different perspective on the very same data:



Efficiency

Efficiency measures seek to relate resource inputs to outputs and outcomes. An example might be how administrative costs relate to outcomes and outputs. One efficiency indicator which the CDB uses is the number of projects managed by project managers.

This brief example serves to illustrate one extremely important principle of SEA reporting -- the relationship between resources (or efforts) and accomplishments. It is not uncommon for government programs to report higher levels of results each year. It is further logical to assume that the quantity of outputs would increase when funding also increases. By themselves, however, these numbers indicate very little about the management of the program or its resources. It is only when funding or resource inputs are coupled with outputs or meaningful outcome indicators are reported that the reviewer can make an intelligent assessment of what is happening in a program.

This CDB example is a case in point. Over the 18 years for which data are presented here, funding has decreased and increased, then decreased and increased again. One would expect outputs (i.e., the number of projects managed) to increase or decrease accordingly. It is no significant accomplishment for an agency to produce more goods or services when its funding also increases -- that would be expected. But the CDB also measures an important outcome indicator (i.e., its quality of service) and at least one efficiency measure (the number of projects managed per manager). These measures place the agency's outputs in an entirely different light because outcomes and efficiency are somewhat independent of the absolute level of funding (i.e., quality of service or cost-effectiveness can be 'good' or 'bad' regardless of the level of funding).

Likewise, outcome and cost-effectiveness measures enable government managers, elected officials, and taxpayers to ask any number of additionally relevant questions. How do outputs and outcomes correlate with changes in the resources available? Do they track, and, if not, why not? What happened to service quality during these funding changes? Did the quality of service improve with additional resources or deteriorate because the infusion of additional resources may have been too much too quickly. Has the program maintained or improved its efficiency or has efficiency slipped as a result of an increase or decrease in funding? How do these measures compare with others, especially nationally funded programs, all of which may be experiencing funding increases or decreases at the same time? In short, SEA reporting is simply incomplete without meaningful information on outcomes and cost-effectiveness.

STATE PENSION SYSTEMS

The investments of the State's Pension systems represent 87% of the total investments of the financial reporting entity (91% of the primary government). Total investments of the State's pension systems (reported at market value and in millions) are $33,755 at June 30, 1997 (see table below). One of the most important activities of the State's pension systems is managing these investments. Three of the pension systems (General Assembly, Judges, and State Employees) pool their resources for investment purposes through the State Board of Investment (ISBI). The remaining two systems, Teachers (TRS) and State Universities (SURS), invest their resources under master trustee arrangements with individual investment managers.

Pension System	ISBI	TRS	SURS
Investments (in millions)	$ 6,306	$ 19,212	$ 8,237

What type of service efforts and accomplishments (SEA) measures can be used in relation to the Pension Systems' investing activity?

Measures of Accomplishments

One SEA measure for this activity would be a measure of accomplishment that reports what was achieved with the resources used. Interest and investment income generated would be such a standard because it measures the quality of the service in dollars. Rate of return on invested assets is another useful criterion that falls into the category of a measure of accomplishment.

Illinois Pension Systems
Six year History
Interest and Investment Income
Rate of Return On Invested Assets
(Dollars in Millions)

	Interest & Investment Income			Rate of Return On Invested Assets			
Year	State Board of Investment	Teachers' Retirement System	State Universities Retirement System	State Board of Investment	Teachers' Retirement System	State Universities Retirement System	Public Retirement Funds Index
1997	$ 622	$ 859	$ 277	18.8%	18.3%	21.4%	18.2%
1996	611	1,554	478	16.6%	16.3%	18.3%	14.0%
1995	322	771	294	14.0%	13.4%	16.5%	15.7%
1994	344	989	277	4.0%	4.7%	0.8%	1.4%
1993	344	520	280	12.1%	11.6%	11.2%	11.2%
1992	380	492	362	11.6%	10.8%	10.3%	12.0%

To further enhance explanatory power of the rate of return on invested assets measure, the performance of the Illinois pension systems can be compared with the average rate of return on invested assets for other public funds over a period of years. The Public Retirement Funds Index rate of return on invested assets shows the average rate of return on invested assets for other public funds. Another benchmark for the State funded pension systems is the 8%-8.5% assumed rates of return on the investment of present and future assets used in the actuarial valuation of each system.

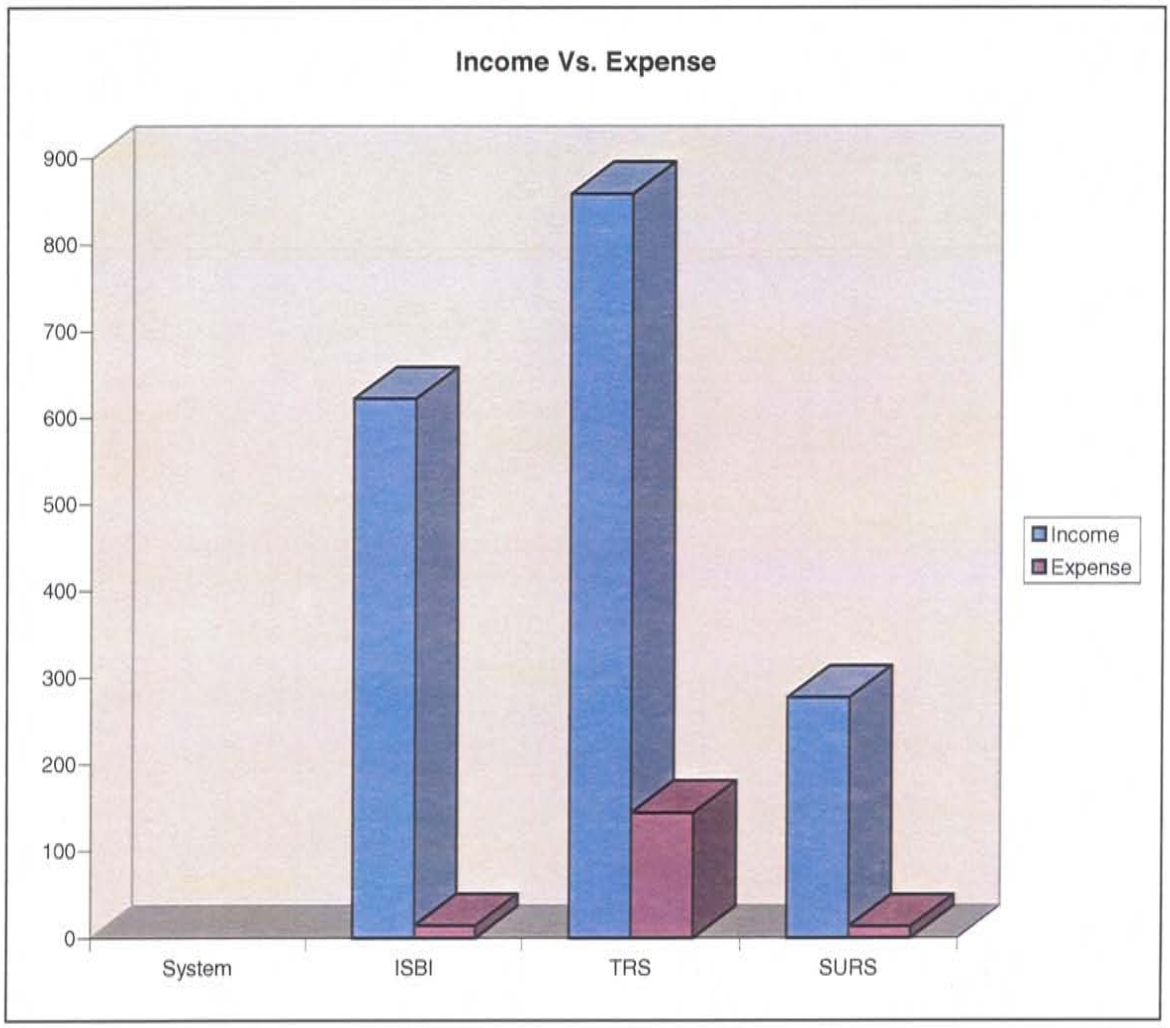
Measures of Efforts

Measures of effort are the amount of financial resources that are put into the process. What amount of financial resources did it take to generate the investment income discussed above? The chart below shows investment expenses by system and the employer and employee contributions.

Pension System	ISBI	TRS	SURS
Investment Expenses (in millions)	$ 14	$ 144	$ 13
Employer Contributions (in millions)	$ 175	$ 421	$ 182
Employee Contributions (in millions)	$ 157	$ 417	$ 202

Measures That Relate Efforts To Accomplishments

Measures that relate efforts to accomplishments fall into categories of efficiency measures. An efficiency measure for the Pension Systems' investing activities is how many dollars of investment income were generated for each dollar of investment expense. For each dollar spent to generate investment income, ISBI produced $44 of income; TRS produced $6 of income and SURS produced $21 of income.



CHILD SUPPORT ENFORCEMENT

The Illinois Department of Public Aid operates the state's Child Support Enforcement Program (CSEP). The Department helps single parents secure legally-mandated, child support awards.

Child support enforcement has received much attention in recent years. The reasons are twofold. First, non-payment of child support increases the probability that the children will grow up in low-income, poverty-level families. Secondly, the state's success in helping single parents secure the child support to which they are entitled reduces potential welfare payments to the family, thereby saving taxpayers money.

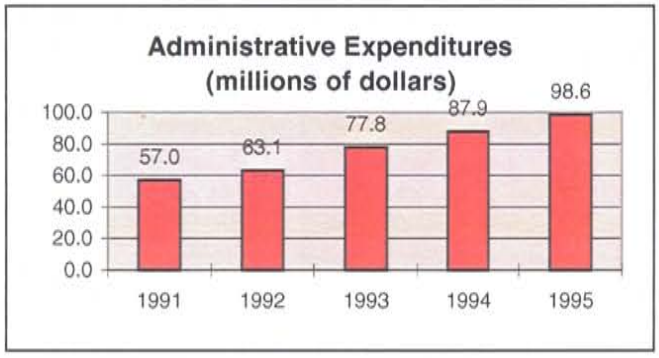
The Child Support Enforcement Program provides an excellent model for illustrating the nature and purpose of service efforts and accomplishments (SEA) reporting for several reasons. CSEP collects and maintains a wide array of data and information, providing an opportunity for a comprehensive SEA reporting model. Additionally, data are available for several years and for all states in the nation, enabling the development of trend information and comparisons of relative performance with other jurisdictions.

It should be noted that all information in this report is for the period ending September 30, 1995. The Department of Public Aid has performance data through 1996, but 1995 is the latest year for which national data is available. The indicators and data below have been selected for illustrative purposes.

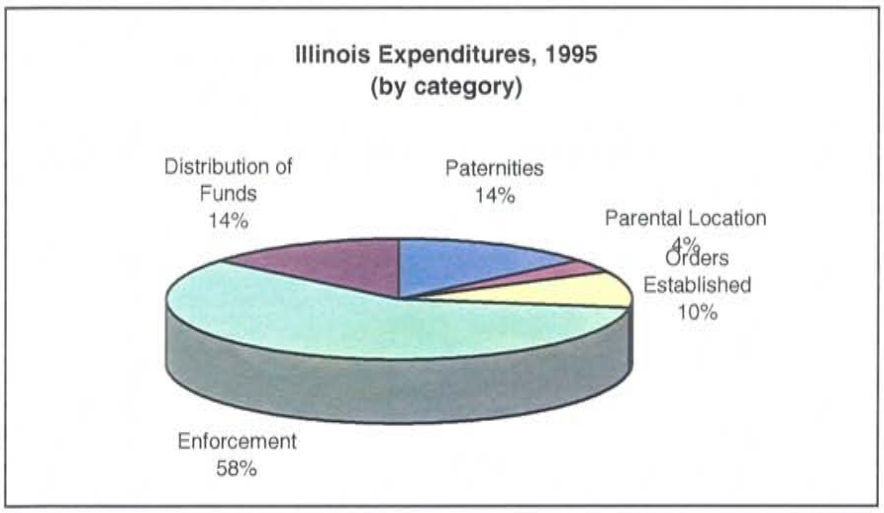
Indicators of Service Efforts

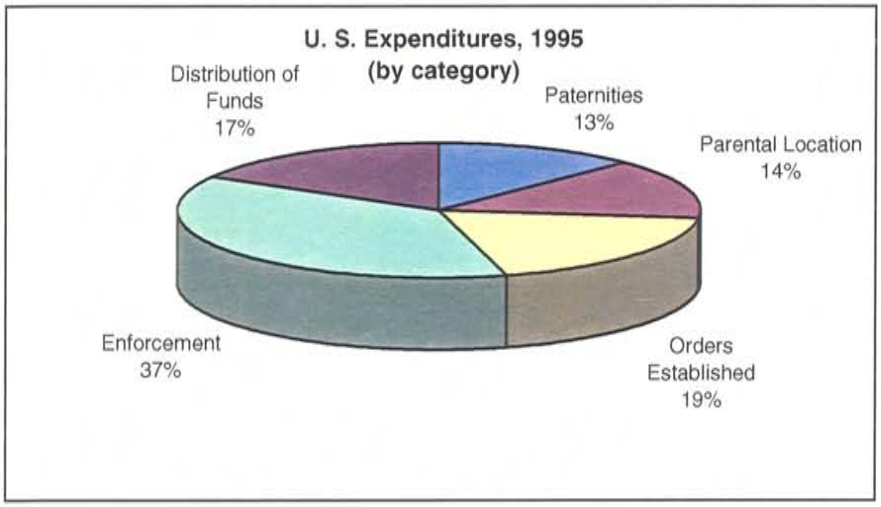
The program has certain resources and inputs with which to work. Chief among these are the client caseload and the resources it spends.

Average Caseload, 1995			
	Total	% AFDC	% Non-AFDC
Illinois	721,151	62.6	37.4
U. S.	19,162,137	54.2	45.8

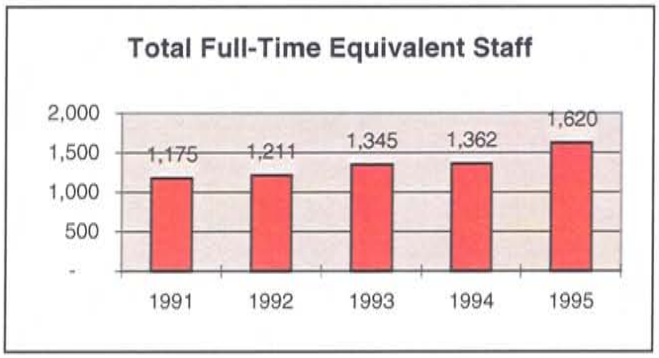


As is evident from the data, when information is available for past years, it is possible to understand the trend of spending and how it has changed over the years. Additionally, when even more detailed information is available, it becomes possible to examine how that money was spent and to compare this spending to the nation as a whole.





Finally, an important input and use of spending is the number of staff involved in the program. These data are a measure of both full-time equivalent staff employed by the Department, as well as public or private agency staff working under a cooperative or purchase-of-service agreement with the Department. The trend of staffing patterns is evident from the data.



Indicators of Service Accomplishments

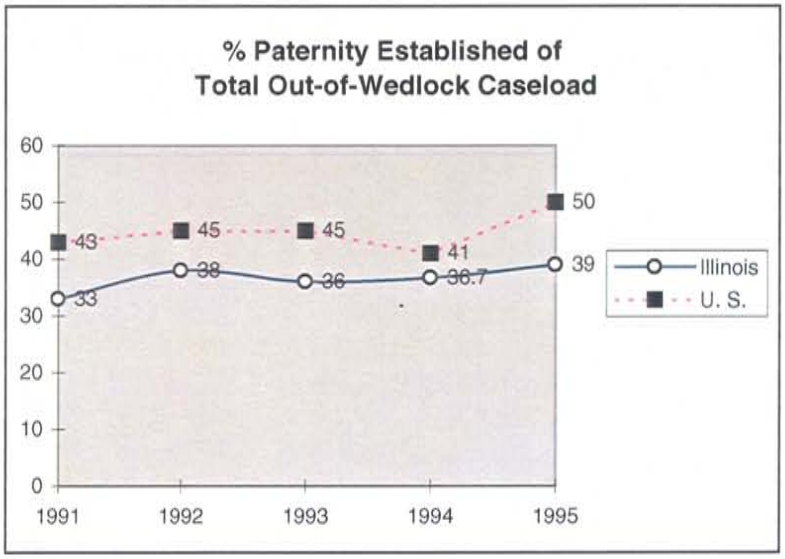
The primary purpose of SEA reporting is to enable the taxpayer to understand what public spending buys. There are a number of ways of looking at this. Prior to collecting and distributing support payments, the CSEP must locate non-custodial parents, establish paternity, and obtain child support orders. In some indicators, data was available for only one year.

Indicator	1995	% Change from 1994
Absent Parents Located	52,002	-4.7
Paternities Established	22,236	-9.0
Support Orders Established	25,428	-2.1

The CSEP aims to collect and distribute child support payments to single parents. The following table indicates how much the Department has collected, the proportion collected for AFDC and non-AFDC clients, and how those collections compare with the U. S. as a whole.

Total Collections (millions of dollars)					
Year	**Total**	**AFDC**	**% Total**	**Non-AFDC**	**% Total**
1991	$ 150.1	$ 49.0	32.6	$ 101.2	67.4
1992	$ 183.3	$ 58.8	32.1	$ 124.5	67.9
1993	$ 183.9	$ 55.7	30.3	$ 128.1	69.7
1994	$ 202.2	$ 61.1	30.2	$ 141.1	69.8
1995	$ 219.3	$ 65.1	29.7	$ 154.2	70.3
Percentage Increase in Collections, 1991 - 1995					
Illinois	46.1				
U. S.	57.3				

Paternity establishment is one of the most important measures of the CSEP: establishment of paternity is a prerequisite for collection of child support. Federal law requires states to meet a standard for paternity establishment in order to be in substantial compliance with the requirement to operate an effective paternity establishment program. The formula for meeting that standard is somewhat complex and provides states several options for compliance. The following indicator demonstrates Illinois' performance relative to the nation over the previous five years. A previous table indicated the number of paternities established, which is one measure of accomplishment. The following table puts those accomplishments in a context.



As noted above, the ultimate purpose of the CSEP is to improve the economic situation of single-parent families and save taxpayer dollars. It is reasonable to assume, therefore, that the program would identify one or more indicators and collect the necessary data to determine how well it is achieving these purposes. Such indicators can focus on the following outcomes.

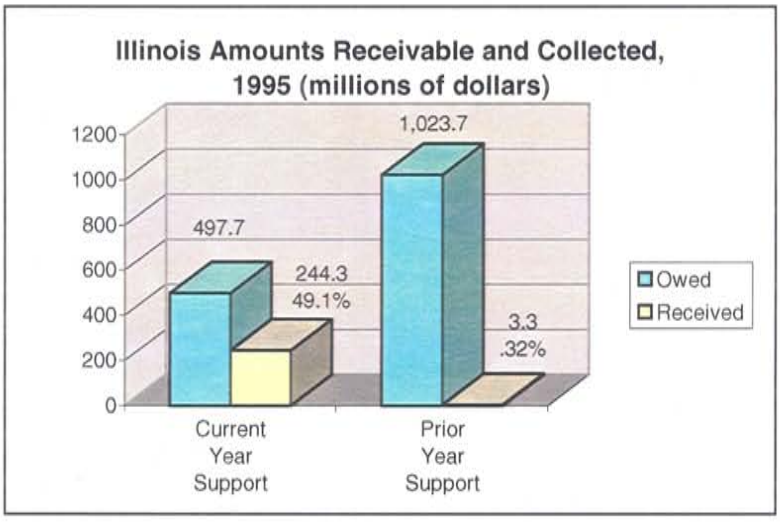
- families may no longer require welfare support as a result of child support payments;
- states may use child support payments to recover or offset welfare payments made to clients;
- the program may generate savings which might have otherwise qualified as welfare expenditures.

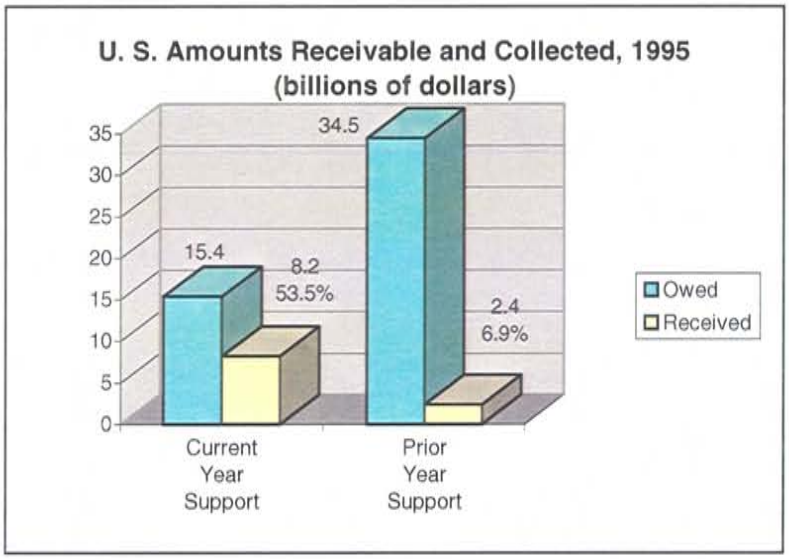
Families Removed from AFDC with Support Collections				
Year	Illinois	% Change	U. S.	% Change
1991	1,751	N/A	218,115	N/A
1992	1,742	-0.5	227,493	4.3
1993	1,463	-16.0	246,788	8.5
1994	1,950	33.3	285,521	15.7
1995	1,991	2.1	294,126	3.0

% AFDC Assistance Payments Recovered				
Year	Illinois	% Change	U. S.	% Change
1991	5.7	N/A	10.7	N/A
1992	7.0	22.8	11.4	6.5
1993	6.6	-5.7	12.0	5.3
1994	7.1	7.6	12.5	4.2
1995	7.8	9.9	13.6	8.8

Total Program Savings (millions of dollars)				
Year	Illinois	% Change	U. S.	% Change
1991	$ 19.7	N/A	$ 201.3	N/A
1992	$ 16.3	-17.3	$ 170.4	15.4
1993	$ 35.2	116.0	$ 278.0	63.1
1994	$ 41.4	17.6	$ 496.1	78.5
1995	$ 48.3	16.7	$ 851.6	71.7

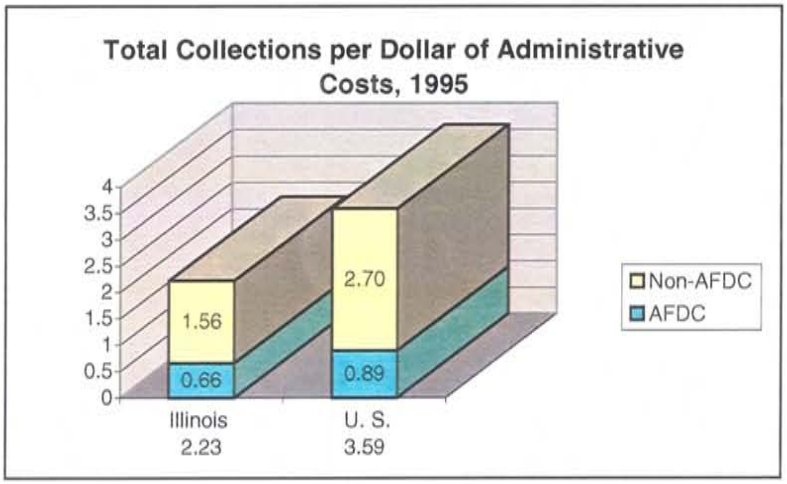
A final indicator of accomplishment might be how much is collected of what is owed. There are two measures of this accomplishment: amount collected of current year support due and amount collected from past due child support.





Indicators Relating Service Efforts to Service Accomplishments

A final area of consideration in SEA reporting is the efficiency or cost-effectiveness of government programs and services. These measures relate program spending to program accomplishments. One indicator is particularly useful in this regard: how much the state collects for every dollar it spent.



Explanatory Information

1. The source of all data is *Child Support Enforcement, 20th Annual Report to Congress*, U.S. Department of Health and Human Services.

2. As noted in the SEA overview, timeliness of this data is an issue. Data should be timely to be relevant and useful. The Department of Public Aid has data for the next year, but comparisons with other jurisdictions (e.g., the U. S.) would not be possible.

3. The data in this report are not comprehensive. They are intended to exemplify the nature of service efforts and accomplishments reporting. There are numerous other indicators of service efforts and accomplishments maintained by the Department.

4. The data and this report do not provide any explanations of or reasons for performance on any particular indicator, nor do they unconditionally establish causal relationships.

5. In order to fully understand and assess program impact, it would be necessary to put the above measures of Illinois' program into a broader context. This, in turn, would require other data and information, not specifically related to the Department's service efforts and accomplishments, but social indicators reflective of the larger environment within which its program operates. Some examples might include:

   - The number or percentage of Illinois' children living in poverty;
   - The number or percentage of children born out-of-wedlock;
   - The number or percentage of children living in single-parent homes.

DEPARTMENT OF REVENUE

The Department of Revenue is primarily responsible for the prompt collection of state and local taxes. It enforces 65 Illinois state and local tax laws and allocates funds to more than 6,600 units of local government. The Department annually processes more than 16 million documents and collects more than $19 billion in tax receipts. There are a number of issues central to the administration of any tax system, which should be of interest to taxpayers.

Efficiency of Administration

One of these issues is how efficient is the administration of the tax system. It is an important question because an inefficiently administered tax system wastes the resources that are available. The Department of Revenue does attempt to monitor its efficiency of administration.

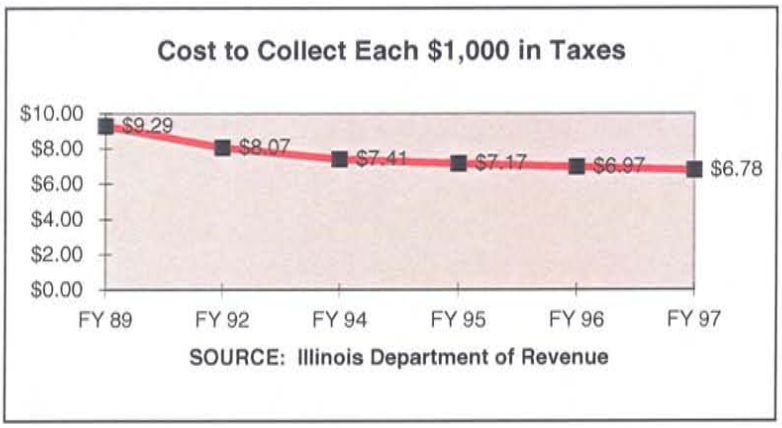
Time to Deposit Tax Revenue. One of the indicators used by the Department is how long it takes to deposit tax revenues. This indicator is important for two reasons: 1) the sooner tax revenues are deposited, the sooner they can be deployed and bills paid -- a matter that was especially critical when state resources were much tighter; and 2) the sooner tax revenues are deposited, the sooner they can begin earning additional revenues through investment.

Days to Deposit Tax Revenue	
FY 93	3.06
FY 94	2.70
FY 95	2.21
FY 96	2.02
FY 97	1.96

Source: Illinois Department of Revenue.

The indicator above is defined as the number of days from payment of taxes by taxpayers to bank deposit of those payments.

Cost to Collect Tax Revenue. One of the Department's objectives is to collect taxes at the lowest possible cost to the taxpayer. Perhaps the best indicator of efficiency is how much the state tax agency collects in tax revenue for each dollar it spends in overhead.



Effectiveness of Collection

The United States prides itself on its 'voluntary' tax system, and most taxes are voluntarily paid. Taxpayers want to know that everyone is paying their fair share of taxes, and this is also one of the responsibilities of the Department of Revenue. The Department tracks several measures which indicate its performance in the collection of delinquent taxes, including:

Delinquent Taxes Collected. This is the total dollar amount of delinquent taxes collected each year.

Amount Collected per Staff. The amount each staff person involved in collecting delinquent taxes collected each year. It is a measure of the efficiency of the delinquent tax collection operation.

Amount Collected per Dollar Spent. This indicator represents how much is collected in delinquent taxes for each dollar the Department spends to collect those taxes. This is an example of a return on investment measure for state government.

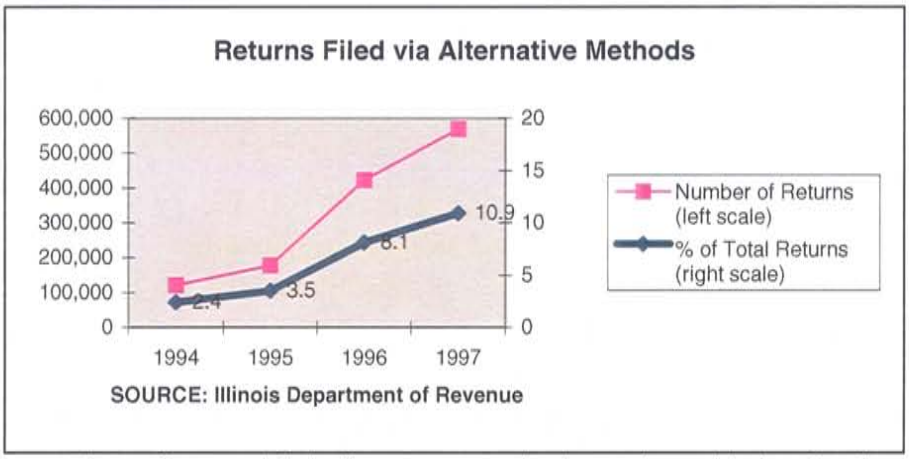
Collection of Delinquent Taxes			
FY	Taxes Collected (in millions)	Amount Collected per Staff	Amount Collected per $ Spent
1991	$147.9	$367,900	$9.40
1994	$216.6	$679,100	$15.05
1995	$250.4	$768,200	$15.92
1996	$283.3	$883,300	$17.97
1997	$283.7	NA	NA

SOURCE: Illinois Department of Revenue

Customer Service

Another strategy of the Department is to provide quality customer service to those who voluntarily pay their taxes. The objective is to make it as easy as possible to pay taxes. This also contributes to the efficiency of tax collection.

Alternative Filing Methods. An example of an indicator the Department uses and tracks to measure customer service is the number of returns, filed each year through alternative filing methods (e.g., electronic filing, telephone filing, etc.).



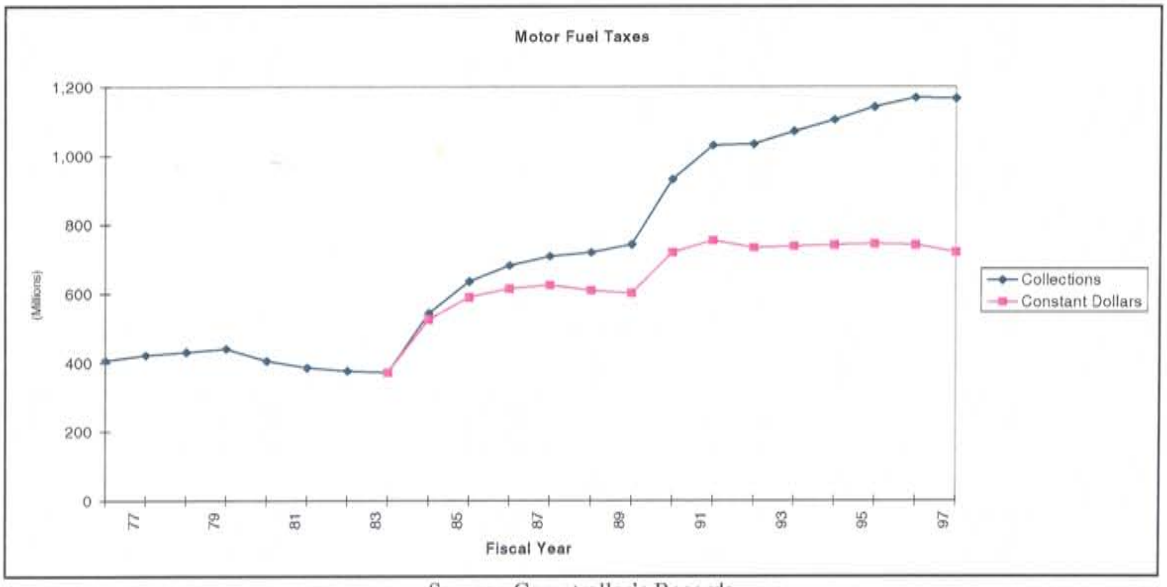
There are any number of potential indicators which could be used to measure results. The Department of Revenue is now in the process of reviewing and considering development of new or improved indicators, especially in the area of quality and effectiveness of service.

TRANSPORTATION

The Department of Transportation accounted for almost all of the $2.7 billion spent for transportation related purposes, with over 80% of this spending related to the highway program. Spending levels are determined by the available revenues derived from state and federal motor fuel taxes and state licenses and fees. Approximately 40% of state motor fuel taxes are distributed to local governments. The remaining revenues are used to fund the state Transportation Program. Spending for the highway portion includes maintenance, road improvements, and new construction. The primary goals of the highway program are to keep interstates in top quality condition, maintain the levels of the backlog of rough roads and deficient bridges, and ease traffic congestion.

Inputs

While there are numerous input factors affecting transportation, such as the number of employees and costs of materials, available spending for the highway program is the main input that determines some levels of accomplishment. The main issue confronting transportation is that the revenue sources are flat taxes and fees. Over time there is little growth in the consumption of motor fuels and therefore, additional funding has not been available. In constant dollars, motor fuel tax revenues show growth only in the years when a tax increase was in effect. With revenues that do not keep pace with inflation, the purchasing power for transportation diminishes.



Source: Comptroller's Records

Motor Fuel Gallons by Fuel Type

Year	Gasoline	Gasohol	Diesel	Combustible Gases	Total
1992	2,902,193,042	1,566,775,961	749,915,418	6,799,653	5,225,684,074
1993	3,103,363,811	1,471,161,610	799,303,217	6,592,735	5,380,421,373
1994	2,833,381,051	1,747,411,833	857,274,441	6,700,006	5,444,767,331
1995	2,948,760,461	1,745,976,070	880,769,059	5,925,376	5,581,430,966
1996	3,302,630,437	1,428,985,559	885,365,395	6,690,295	5,623,671,686

Source: Department of Transportation.

Motor Fuel Tax Rate
Cents Per Gallon

Year	Gas	Diesel
1969	7.5	7.5
1983	11.0	13.5
1984	12.0	14.5
1985	13.0	15.5
1989	16.0	18.5
1990	19.3	21.8

Source: Legislative Research Unit.

Outputs

Highway program outputs, measured in miles and structures improved, are provided with the costs in current and constant dollars. Fiscal year 1996 saw a decline in spending and a drop in the number of structures and miles improved which impacted the backlogs.

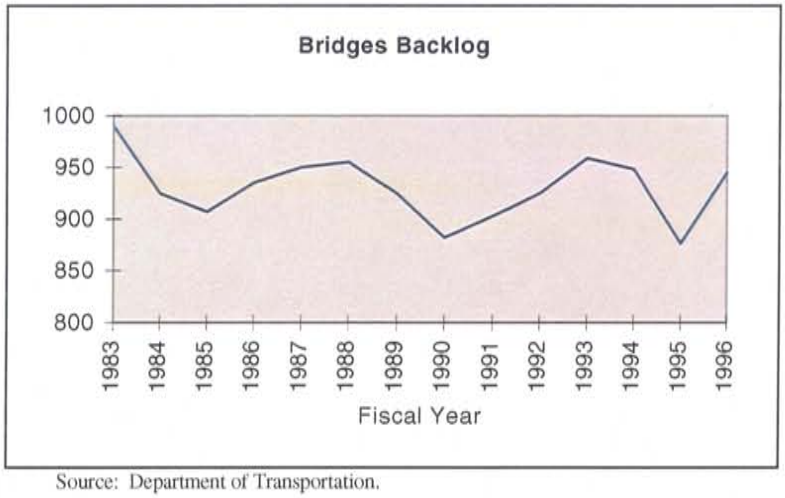
State Program Accomplishments
($ in Millions)

Fiscal Year	Structures	Miles	State Accomp. Current Dollars	State Accomp. Constant Dollars
1992	217	806	$ 835	$ 861
1993	233	1066	950	950
1994	203	902	904	878
1995	219	1329	996	922
1996	141	690	700	648

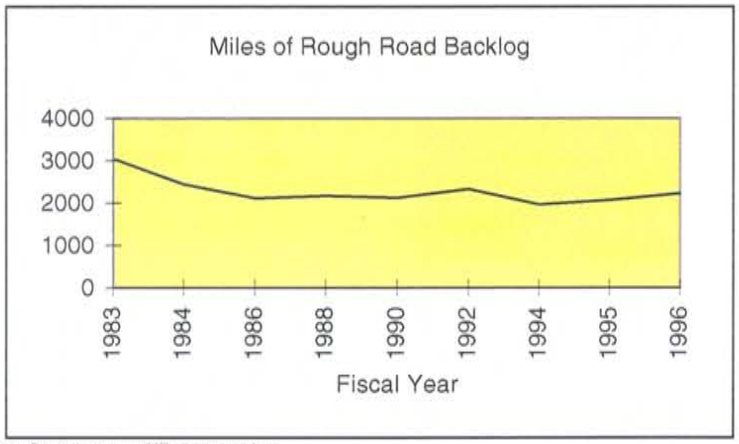
Source: Department of Transportation.

Outcomes

The outcomes from spending on highways correlate with some of the goals of the Department of Transportation. The backlog of rough roads and deficient bridges increased in fiscal year 1996. Roads rated poor, fair and good increased as the miles of roads rated excellent declined.



Source: Department of Transportation.



Source: Department of Transportation.

Pavement Condition Mileage

Fiscal Year	Poor	Fair	Good	Excellent	Total
1992	2,066	5,953	4,245	4,449	16,713
1994	1,741	5,331	4,482	5,099	16,653
1995	1,719	5,402	4,353	5,102	16,576
1996	1,832	5,594	4,463	4,661	16,550

Source: Department of Transportation.

Explanatory Information

The above data presentations focused on the highway program. An additional portion of spending is for air, rail, and mass transportation. Overall, Illinois has one of the largest transportation systems in the country. This fact and other differences, such as climate and tax structure, may sometimes make state comparative data misleading. For example, Illinois has more freeze-thaw cycles in the northern part of the state and comparison to southern states or southern Illinois could be unrealiable since these cycles increase the rate of deterioration of pavement.

Department of Transportation spending data is generally in three categories; operations, awards and grants, and construction. While grants are primarily for distribution to local governments and public transportation, other data on operations and construction may be relevant. Operations includes maintenance, therefore, salaries, the number of personnel, equipment costs, and commodities purchased could all be relevant measures. Construction data, such as cost per mile for resurfacing and costs for commodities like asphalt, can be useful measurements but may also be subject to external factors and non-comparability issues.